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Magic Quadrant for Procure-to-Pay Suites

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Procurement is tasked with delivering cost savings, improving efficiency, and managing risk and compliance. Application leaders responsible for procurement should use this Magic Quadrant to identify and evaluate suitable P2P suite vendors to help them achieve their critical procurement goals.

Market Definition/Description

Gartner defines the procure-to-pay (P2P) suite market as integrated solutions with automated workflows to request, procure, receive and pay for goods and services across an enterprise. 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 purchase orders (POs) upon approval. The POs are transmitted to suppliers by email, through a 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, punchout, 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

Magic Quadrant

Figure 1: Magic Quadrant for Procure-to-Pay Suites

Source: Gartner (November 2022)

Vendor Strengths and Cautions

Basware

Basware is a Visionary in this Magic Quadrant. Its Basware Procure-to-Pay solution focuses on providing strong accounts payable (AP) capabilities as part of a best-of-breed source-to-pay (S2P) offering that supports indirect and service spend. Basware's operations are geographically diversified, and its clients tend to be large enterprise organizations. Its top three industries are manufacturing, services and financial/insurance. Basware's short-term investment roadmap includes enhancements to the end-user shopping experience, invoice compliance and artificial intelligence/machine learning (AI/ML).

Strengths

- **AP automation product capabilities:** Basware uses intelligent routing, smart coding, matching and workflows, among other innovative capabilities, to deliver strong product functionality, and to address invoice receipt and processing as part of P2P. Basware also provides its customers with comprehensive e-invoicing and tax compliance capabilities.
- **Partner model:** Basware focuses on delivering deep functionality for the core indirect materials P2P use case, and partners with others to introduce additional capabilities. This benefits the customer, as it lets Basware focus development resources on the core solution they are buying from Basware, rather than needing to spread resources thin to cover non-P2P technology.
- **Supplier network:** Basware is interconnected with over 250 partner networks to simplify supplier collaboration. Suppliers don't have to create a Basware supplier account to transact with a Basware customer.

Cautions

- **Change in company ownership:** Basware was acquired by a consortium led by Accel-KKR in August 2022. While the acquisition should provide more financial flexibility, there is a risk that the vendor's strategy will change.
- **Company strategy:** Basware's primary go-to-market strategy is through an AP-first lens, which may limit customers with priorities in other parts of the P2P process.
- **Product strategy:** Basware's heavy AP focus leaves some customers that have unique industry-specific procurement functionality seeking an alternative provider.

Corcentric

Corcentric is a Niche Player in this Magic Quadrant. Its Corcentric Platform focuses on delivering enterprise-class capabilities to procurement organizations and SMBs, mainly for large enterprises and midmarket companies. Corcentric's operations are based in the U.S. and Europe. Its clients are large enterprises, midmarket organizations and smaller organizations, the latter of which are moving into the midmarket. The top three industries Corcentric serves are manufacturing, retail and distribution. Corcentric's short-term investment roadmap includes its English- and French-speaking Intelligent Application digital assistant — accessible both inside the platform and via Microsoft Teams — Microsoft Word Online integration and AI-driven AP automation.

Strengths

- **Value proposition:** Corcentric has complementary capabilities in payments, accounts receivable (AR), as well as associated managed services, change management and procurement advisory capabilities that enhance its core P2P software value proposition.
- **Pricing:** Corcentric's flexible software pricing models are based on quantifiable outcomes and collaborative processes to periodically review pricing metrics. This model has the potential to help customers avoid excessive costs due to contractual lock-in.
- **User experience (UX):** Corcentric offers an intelligent UX layer that leverages Microsoft Teams as the primary intake interface. Additionally, the mobile-compliant UX layer for end users may improve adoption, and therefore ROI.

Cautions

- **Product strategy:** Corcentric offers limited support for procurement processes for services and direct materials, and lacks prebuilt integrations with most of the popular ERP software providers.
- **Geographic strategy:** Corcentric's geographical footprint is focused on the U.S. and France. Corcentric also has limited sales and implementation partners, which could be a concern for large, global enterprises.
- **Go-to-market:** Corcentric prioritizes cross-selling P2P software to existing payments and managed services customers, which could lead to its product roadmap not aligning with the broader market.

Coupa

Coupa is a Leader in this Magic Quadrant. Its Coupa Business Spend Management suite focuses on providing P2P as part of a broader S2P strategy, supporting primarily indirect and service spend. Coupa's operations are geographically diversified, and its clients range from large enterprises to midmarket organizations. Although Coupa's clients span diverse industries, its top three industries are technology, manufacturing and life sciences. Coupa's short-term investment roadmap includes big data and AI capabilities, ESG, collaboration, ecosystem and platform, consumerized experiences, process mining and automation as a service, payments and treasury suite synergies, travel and expenses.

Strengths

- **UX and collaboration features:** End users have many options for interacting with Coupa's solution, ranging from mobile and chat to image-based shopping. Also, Coupa's ability to integrate punchout with hosted catalog content consumerizes the end-user buying experience.
- **Prescriptive analytics:** Based on AI trained with data from across Coupa's customer base, users have visibility into quality, risk and benchmarking metrics throughout the procurement process. When requests are flagged, Coupa offers prescriptive suggestions to mitigate problems.
- **Community building:** Coupa has built a large community of customers that share information and best practices for the common good. This enables less-mature customers to learn from others, thus building procurement capability faster than would otherwise be possible.

Cautions

- **Pricing and approach to negotiations:** Coupa prospects and customers have said consistently that Coupa is inflexible in negotiations. Renewal customers often have a difficult time adjusting their contract down if their usage did not meet their initial estimates.
- **Suitability for lower maturity customers:** Coupa has a modular solution but does not typically sell it that way. Coupa may not be the best fit for immature customers only looking to address a component of their procurement challenge, and that want to move slowly with expanding their procurement technology footprint.
- **Vertical/industry strategy:** Coupa develops vertical product features in a configuration model available to all customers. Potential customers in specialized industries — such as raw materials, food and beverage or healthcare, where the processes are quite different — must evaluate Coupa's ability to deliver required industry-specific capabilities.

ebidtopay

Ebidtopay is a Niche Player in this Magic Quadrant. Its ebidtopay P2P solution focuses on both indirect and direct procurement at a buyer-friendly price point. Ebidtopay's operations are geographically diversified, but with an Eastern European focus, and its customers tend to be midsize to large enterprises with revenue between $100 million and $3 billion. Ebidtopay's top three industries are manufacturing, finance and retail. Its short-term investment roadmap includes the launch of pooled buying functionality that works within a global corporation or across independent companies. The vendor is also planning to invest in a social-media-inspired tool to manage costs and improvements to predictive procurement and other essential functionality.

Strengths

- **Cost of ownership:** Ebidtopay has a very flexible licensing model that can conform to what the customer needs. Customers can enter shorter-term contracts or license specific modules to lower the cost of entry and reduce the risk of owning high-cost shelfware.
- **Midmarket friendly:** Customers looking for solid P2P functionality, but with concerns about pricing or long implementations, should evaluate ebidtopay. It is rare to find the combination of direct and indirect procurement support with full configurability.
- **Direct material support:** Ebidtopay supports a number of direct material procurement processes, and integrates with support systems such as planning and bill of materials (BOM) management.

Cautions

- **Geographic coverage:** Ebidtopay's customer base is primarily in Europe. While many customers may use it in other regions, its experience outside Europe is significantly less. Customers in Latin America and Asia/Pacific should evaluate if the vendor can support their local requirements.
- **Brand recognition:** Ebidtopay is not well-known in the overall market. Customers evaluating ebidtopay should plan to do more selling to internal stakeholders, as the lack of brand recognition could lead to doubt in the solution's capabilities.

- **Hosting partners:** Ebidtopay does not use the common cloud platforms of Amazon Web Services, Microsoft Azure or Google Cloud Platform. Potential customers should evaluate the hosting alternatives offered by ebidtopay to ensure they meet their requirements.

Esker

Esker is a Niche Player in this Magic Quadrant. Its Esker Procure-to-Pay solution focuses on providing strong AP capabilities as part of a full P2P offering, primarily supporting indirect spend. Esker's operations are geographically diversified, and its clients tend to be midsize to large enterprise organizations located in EMEA and North America. Its top three industries are services, industrial equipment and retail. Esker's short-term investment roadmap includes price change audit reporting, vendor-managed inventory and milestone-based project procurement automation.

Strengths

- **Data center locations:** Esker offers a wide variety of data center locations to its customers: France, the U.S., Singapore, the Netherlands, Australia, Canada, Hong Kong, Ireland and Germany.
- **Code release cadence:** Esker is on a monthly release cycle for updated code. This enables customers to get access to new functionality quickly without being overwhelmed by long change logs.
- **Supporting product portfolio:** Esker acquired the majority stake in Market Dojo in June 2020 to complement its P2P capabilities with strategic sourcing and contracting functionality in order to better support customers seeking natively integrated P2P and S2C processes. Esker is also one of the few P2P providers to offer an order-to-cash solution.

Cautions

- **No conversational UI:** Conversational UI support is still in development, so customers that value a chatbot or voice interaction model should review Esker's roadmap for its planned delivery.
- **Report building:** Customers have cited that building custom reports can be challenging while using Esker's solution. While the solution is made for business users to create reports, staff with more report creation experience may be needed.
- **Support for direct spend and services:** Esker's customers primarily support indirect spend categories through its solution. Although this functionality is improving, it is best-suited to customers with lower levels of maturity or those willing to leverage technology partners.

GEP

GEP is a Leader in this Magic Quadrant. Its GEP SMART suite focuses on providing P2P as part of a broader S2P and supply chain strategy supporting direct, indirect and service spend. GEP's operations are global, with offices in North, Central and South America, Europe, the Middle East, Africa and Asia/Pacific regions. Its clients tend to be enterprise organizations located in North America and Europe. Its top three industries are oil and gas, chemicals and banking/finance/insurance. GEP's short-term investment roadmap includes AI enhancements to improve the end-user experience and policy compliance, deeper contract integration, increased direct material procurement document types, and low-code application enhancement.

Strengths

- **Direct spend product capabilities:** GEP supports direct material procurement and has released several innovations in this area, including quality management collaboration and advanced ship notices (ASNs).
- **Procurement services:** GEP has a large service arm that not only performs implementations, but also offers a wide variety of business optimization, supplication and outsourcing options.
- **Geographic strategy:** GEP offers broad, global customer support, including 24/7 coverage, support for more than 23 languages, and sales and consulting locations in all regions worldwide.

Cautions

- **Product (offering) strategy:** GEP has fewer preconnected technology partners for tax engines, scanning, data services and B2B marketplaces than other vendors evaluated in this Magic Quadrant. Gartner clients should evaluate whether the available connections meet their requirements.
- **Product integration:** Customers should evaluate their need for out-of-the-box bidirectional integrations. GEP's support for preconfigured out-of-the-box integrations is currently somewhat limited. GEP does provide its own cloud integration platform, GEP Click, which is used to configure integrations as required.
- **Implementation partnerships:** GEP has recently established a services partner program, which is limited when compared with the partner programs of other vendors evaluated in this Magic Quadrant. GEP supplements this program with its own service organization, although there may be some regions and industries with limited resources available.

Ivalua

Ivalua is a Leader in this Magic Quadrant. Ivalua Procure-to-Pay suite focuses on providing P2P as part of a broader S2P strategy supporting direct, indirect and service spend. Ivalua's operations are geographically diversified, and its clients tend to be large organizations located in North America and Europe. Ivalua's top three industries are manufacturing, financial services and the public sector. Ivalua's short-term investment roadmap includes a new Ivalua Message Center, an AI-supported shopping experience, increased supplier collaboration capabilities and increased tax compliance.

Strengths

- **Vertical industry strategy:** Ivalua has extensive support for several industries selling packaged tailored versions of its solutions, with industry-specific requirements met out of the box for the automotive, manufacturing, public sector, healthcare, financial services and construction/engineering sectors.
- **Direct spend product capabilities:** Ivalua offers robust support for direct materials procurement, including new product introduction, forecast collaboration, quality management, BOM life cycle management and analysis, and integration with product life cycle management software.
- **Deployment models:** Ivalua offers a variety of deployment models, ranging from default public cloud multi-instance SaaS and private cloud, to on-premises. Multi-instance and on-premises offer customers a higher level of configuration freedom.

Cautions

- **Customer codevelopment:** Multiple customers have cited issues with custom development or codevelopment of capabilities with Ivalua.
- **Partner ecosystem:** Ivalua has a small partner ecosystem with fewer prebuilt integrations with ERP systems, marketplaces and software partners than other Leaders in this Magic Quadrant.
- **Limited adoption of current release:** The majority of Ivalua's customers are between two and four releases behind the current version. Customers cite a difficult upgrade process as a potential barrier to adoption.

JAGGAER

JAGGAER is a Leader in this Magic Quadrant. Its JAGGAER ONE suite is focused on providing P2P as part of a broader S2P strategy supporting direct, indirect and service spend. JAGGAER's operations are geographically diversified, and its clients tend to be large enterprise organizations located in North America and Western Europe. Its top three industries are manufacturing, life sciences/pharmaceuticals and education. JAGGAER's short-term investment roadmap includes payments enhancements, such as global support for virtual cards and ACH/wire transfer payments, expanding contingent labor and services procurement capabilities and AI.

Strengths

- **Product vision:** JAGGAER's vision of procurement extends beyond the traditional view of automation of transactional workflows. Its vision of autonomous commerce — a community of buyers and suppliers using shared insights to make intelligent procurement decisions in a trusted environment — is unique.
- **Value:** JAGGAER's go-to-market strategy is to provide customers with a highly functional solution at a price at or below the market average. Customers cite JAGGAER as one of the more flexible P2P providers when negotiating.
- **Vertical/industry strategy:** JAGGAER has good support for industry-specific requirements. It provides specific configurations and add-ons for industries such as higher education, life sciences/pharmaceuticals and manufacturing.

Cautions

- **Product delivery:** Customers cite JAGGAER as sometimes delivering roadmap functionality later than planned. Examples cited are those that integrate new third-party partner functionality.
- **Geographic strategy:** JAGGAER's international presence is limited in Latin America and Asia. Potential customers cite a lack of partners and e-invoice support in some Latin American countries as a key challenge with JAGGAER.
- **Invoice capture:** Customers have reported issues with JAGGAER's newly launched optical character recognition (OCR) self-service invoice capture solution. JAGGAER has acknowledged that there were some rollout issues that have been resolved, but customers are encouraged to confirm it will meet their needs.

Medius

Medius is a Visionary in this Magic Quadrant. Its Medius Spend Management Suite focuses on providing P2P as part of a broader S2P strategy, supporting primarily direct and indirect spend on a unified cloud platform. Medius' operations are geographically diversified, and its clients tend to be midsize or large organizations located in Europe, North America and Australia. Its top three industries are manufacturing, retail and wholesale distribution. Medius' short-term investment roadmap includes reduction in P2P implementation times, improved UX, self-service onboarding, prescriptive analytics, and extension of EMEA and North America payment facilities.

Strengths

- **Product delivery:** Medius has a monthly cadence for releasing product updates. No customer testing is required to deploy new functionality.
- **Market understanding:** Medius has invested in technologies to make supplier adoption and collaboration easier. Medius Capture enables suppliers to transmit invoices in any format without the need for time-consuming setup and testing.
- **Time to value:** Medius implementation projects average four months, enabling customers to start realizing expected benefits quicker. The Medius Connect cloud integration platform simplifies integrations with customer ERP systems.

Cautions

- **Long-term strategy:** Medius has turned over most of its C-level executives during the past year. Customers should therefore be aware that roadmaps and strategies may also change.
- **Global deployments:** Medius mainly targets midsize organizations or those with smaller spend footprints. Experience and support for global P2P deployments is limited.
- **Sales execution:** New customer acquisition in 2021 was below average compared with the other vendors in this report. Lower brand awareness may make it more difficult for customers to "sell" Medius to internal constituents.

Mercado Eletrônico

Mercado Eletrônico is a Niche Player in this Magic Quadrant. Its Mercado Eletrônico e-procurement solution primarily focuses on providing P2P for indirect spend, with some support for direct spend and service spend. Mercado Eletrônico's operations are mostly focused in Brazil, and its clients vary from small to large organizations located in Brazil, Portugal, the U.S. and Mexico. Its top three industries are consumer packaged goods, construction and high tech/telecom. Mercado Eletrônico's short-term investment roadmap includes automation to create RFPs/RFQs and development of a partner portal with out-of-the-box self-service APIs for integration.

Strengths

- **Customer satisfaction:** Mercado Eletrônico's Net Promoter Score (NPS) has increased each of the last three years, with about a 50% increase since 2019.
- **Sales model:** Mercado Eletrônico offers the only fully supplier-funded sales model in the space. Customers can reduce risk and cost utilizing this model.
- **Product offering:** Mercado Eletrônico offers multiple versions of its solution, from nonconfigurable P2P with preloaded suppliers to fully configurable P2P that can be customized.

Cautions

- **Certified ERP integrations:** Mercado Eletrônico only has fully certified ERP integrations for SAP ECC and S/4HANA. It offers standard integrations for other ERP systems, but they are not certified by the ERP vendor.
- **Marketing execution:** Mercado Eletrônico is well-known in Brazil and Latin America, but has limited brand recognition outside of these regions. This makes it more challenging for the vendor to be shortlisted and selected by customers in North America and EMEA.
- **Sales force:** Mercado Eletrônico has the smallest sales force among the vendors in this research. Potential customers may not get the expected level of responsiveness due to this limitation.

Microsoft

Microsoft is a Challenger in this Magic Quadrant. Microsoft Dynamics 365 focuses on supporting P2P as part of a larger cloud-native ERP solution. Microsoft's operations are geographically diversified, and its clients tend to be midsize and large enterprise organizations located across the globe. Its top three industries for P2P sales are consumer goods, manufacturing and retail. Microsoft's short-term investment roadmap includes enhancements to rebate management functionality, continued integration of its Suplari and Minit acquisitions, and increasing support for the ESG purchasing processes.

Strengths

- **Dynamics 365 integration:** Microsoft's P2P functionality is built directly into Dynamics 365; therefore, potential customers are ensured a tight integration with the rest of the suite.
- **Analytics:** Microsoft's acquisition of Suplari in 2021 has enabled it to embed high-quality prescriptive spend analytics directly into its solution without requiring an additional add-on module.
- **Overall viability and delivery:** Microsoft is one of the few vendors that truly controls and owns its entire stack — from code to hosting, to supporting engines such as AI models and document digitization. This end-to-end ownership enables Microsoft to optimize its solution at a much deeper level than other vendors.

Cautions

- **Vision for supporting non-Dynamics 365 ERP systems:** Microsoft does not offer its P2P solution, outside of Suplari spend analytics, for use with other ERP systems. Customers requiring this support should monitor the situation for any changes in this capability.
- **P2P capabilities still evolving:** Microsoft is still working to get to a more "consumer grade" UX that is typically found in P2P solutions.
- **Sales strategy:** Microsoft splits up some of its P2P functionality across multiple modules, such as punchout catalog functionality, delivered in its Supply Chain module. Nonmanufacturing customers need to license Microsoft's Supply Chain module to get the full breadth of functionality reviewed in this research.

Oracle

Oracle is a Challenger in this Magic Quadrant. Oracle Fusion Cloud Procurement is focused on providing P2P as part of a broader ERP strategy supporting direct, indirect and service spend. Oracle's operations are geographically diversified, and its clients tend to be midsize and large enterprise organizations located across the globe. Its top three industries are financial services, government and manufacturing. Oracle's short-term investment roadmap includes mobile procurement enhancements, AI spend classification, dynamic discount campaign management, and enhanced procurement and supplier analytics.

Strengths

- **Cost:** Oracle's pricing for its solution is more aggressive than that of most vendors in this Magic Quadrant. Customers concerned about licensing costs should consider Oracle as a strong option.
- **Modern technology stack:** Oracle Fusion Cloud Procurement is built on Oracle Cloud Infrastructure (OCI), so it is not burdened with the same level of technical debt that other solutions may have.

- **Industry strategy:** Oracle has built out functionality that specifically addresses industry requirements. It offers specialized capabilities for food and beverage, hospitality and healthcare, as well as other industries.

Cautions

- **Prebuilt integrations:** Oracle has limited prebuilt integrations for third-party data providers. Oracle does not leverage partners, but rather uses its own DataFox supplier intelligence solution. Additionally, there are no certified integrations with non-Oracle ERP systems.
- **Product packaging:** Customers looking to integrate Oracle Procurement Cloud with non-Oracle Fusion ERP solutions should carefully review functionality that may require additional Oracle product licenses. Some of the capabilities reviewed in this report are contained or supplemented with other Oracle products such as Oracle Cloud HCM and Oracle Cloud Supply Chain Management.
- **Support:** Some Oracle customers cite long cycle times for resolution of support tickets. This can be mitigated by purchasing an enhanced support package, but this route does add extra cost.

Proactis

Proactis is a Niche Player in this Magic Quadrant. Its Proactis Procure-to-Pay suite focuses on providing P2P as part of a broader S2P strategy. Proactis' operations are mostly located in the U.K. and North America, and its customers tend to be midsize organizations in Western Europe and North America. Its top three industries are financial services, education and the public sector. Proactis' short-term investment roadmap includes integrations with DocuSign/ValidSign, improved requisition routing for purchasing approval, support for subcontractors in contract management and the introduction of new REST APIs.

Strengths

- **Marketing strategy:** Proactis is one of few vendors evaluated in this Magic Quadrant that specifically targets midsize organizations. Its product offering, pricing models and support are formulated to address the needs of this market segment over large, complex enterprises, where many other vendors focus their efforts.
- **UI and user adoption:** Proactis customers routinely cite the user interface as easy to use and say this speeds user adoption. This is backed up by shorter-than-average implementation times that Proactis customers report.
- **Profitability:** Proactis was profitable in 2021 even though it focuses on the price-sensitive midmarket.

Cautions

- **Ecosystem:** Proactis has limited prebuilt integrations for third-party data and e-invoice networks outside of the PEPPOL standard. Additionally, certified ERP integrations are limited to a.i., SAP, Unit4 and MRI Software. Customers should budget extra implementation resources if they require a large amount of external integrations.
- **Product innovation:** Proactis caters to the midmarket and executes a strategy that focuses on core functionality for that space. Customers looking for advanced capabilities, such as extensive mobile apps, virtual assistants and AI, should evaluate Proactis' roadmap for suitability.
- **Revenue growth:** Although positive, Proactis had one of the lowest revenue growth rates in this research. New product development may require additional outside investment to stay at par with the industry.

SAP

SAP is a Leader in this Magic Quadrant. Its procurement solutions evaluated in this Magic Quadrant include SAP Ariba, integrated with SAP Fieldglass, and the SAP Business Network. SAP focuses on providing P2P as part of a broader S2P strategy supporting all spend categories. SAP's operations are geographically diverse, and its customers are located across the globe. Its top three industries are consumer packaged goods/retail, financial services and manufacturing/automotive. SAP's short-term investment roadmap includes deeper integration of Fieldglass SOW procurement into Ariba, UX improvements inclusive of a persona-based mobile shopping app, advanced search/recommendations driven through AI/ML, and business network enhancements.

Strengths

- **External workforce procurement:** SAP's Fieldglass solution for the procurement of temporary labor has a high level of industry adoption and available feature functions, resulting in optimal service spend support through an integrated application.
- **Integration with SAP S/4HANA:** SAP has continued to invest in deeper integration between the Ariba procurement solution and S/4HANA, SAP's ERP solution. For example, it supports the synchronization of supplier master data or the automatic generation of replenishment orders from the supply chain planning solution.
- **Global coverage:** SAP is actively working to support new legislative frameworks, such as new tax models and the emerging clearance model in key economies — for example, India, Germany, France and Saudi Arabia. SAP also offers support for localized tax and invoice regulations out of the box or via specialized partner products, making it a good choice for global programs.

Cautions

- **Overall ease of use:** Customers routinely mention that SAP needs to improve its UI to make it more end-user friendly and intuitive. Guided buying helps with this, but requires routine maintenance as spend and suppliers change over time.
- **Support:** SAP customers commonly cite slow customer support for those not subscribing to a premium level.
- **Limited internal collaboration features:** SAP's approach to improving internal collaboration includes embedded support for in-app chat sessions, which can be continued via email. More advanced collaboration features via other platforms (for example, Microsoft Teams and Zoom) are not yet available.

Synertrade

Synertrade is a Niche Player in this Magic Quadrant. Its Synertrade Procure-to-Pay suite focuses on streamlining and controlling procurement activities across the buying organization. Synertrade's operations span Europe and North America, and its customers are primarily large European enterprises. Its top three industries are retail, transportation and media. Synertrade's short-term investment roadmap includes enhancing the customer shopping experience and deeper analytics.

Synertrade did not respond to requests for supplemental information or to review the draft contents of this research. Gartner's analysis is therefore based on other credible sources.

Strengths

- **Chatbot support:** Synertrade was an early mover on this technology and it provides wide chatbot functionality across the P2P suite.
- **Cash management:** Synertrade offers good support for cash management programs with SCF and dynamic discounting. It supports all major global currencies.
- **Global reach:** Synertrade is well-suited for global deployments. Out of the box, Synertrade's suite supports over 35 languages. It has sales and support offices and partners worldwide and can draw on services and support from its parent company, Econocom.

Cautions

- **Brand recognition:** Synertrade has limited brand recognition outside Europe. It spends a relatively low percentage of its revenue on marketing initiatives, which perpetuates this challenge.
- **Long-term stability:** Econocom's long-term strategy for Synertrade is unclear. This uncertainty creates risk around investment in the product and long-term support.
- **Referenceable customers:** Synertrade rarely is mentioned by Gartner customers, so specific customer satisfaction is unknown. However, when existing customers do discuss Synertrade, the feedback is mixed.

Zycus

Zycus is a Visionary in this Magic Quadrant. Its Zycus Procure-to-Pay suite focuses on providing P2P as part of a broader S2P strategy supporting primarily indirect spend. Zycus' operations are geographically diverse, and its customers are primarily large enterprises located across the globe. Its top three industries are consumer packaged goods/retail, financial services, and insurance. Zycus' short-term investment roadmap includes advancements to the Merlin AI line of products supporting shopping, an enhanced third-party app marketplace, AppXtend and cognitive analytics.

Strengths

- **Geographic coverage:** Zycus customers are fairly evenly distributed, with roughly half based out of North America and 25% each in Europe and Asia. Zycus has engaged with partners to provide local support in Australia.
- **Product innovation:** Zycus is investing heavily in AI to increase automation and intelligence across the P2P process. Customers can choose what advanced capabilities they would like by deploying the appropriate Merlin AI products.
- **Financial stability:** Zycus is both profitable and carries zero debt.

Cautions

- **Product delivery:** Zycus customers have reported that product feature enhancement requests can take a long time to resolve. This can partially be attributed to customer requests needing to collect enough votes — through its Accelerated Voice of Customer (AVOC) process — from other customers before being added to Zycus' development roadmap.
- **Product licensing:** Zycus sells its Merlin AI products as add-ons to its existing P2P solution for an extra cost. Customers do not get these advancements as part of their standard P2P SaaS license.
- **Vertical/industry strategy:** Zycus remains one of the few vendors in the market that intentionally deploys a horizontal platform approach. Industry-specific features require the use of third-party applications from Zycus' AppXtend app store.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

The following vendors were added to this year's Magic Quadrant from last year:

- Corcentric — This vendor featured in past Magic Quadrants, but dropped out last year due to not meeting certain inclusion criteria (specifically number of sales). It met our updated inclusion criteria this year.
- ebidtopay — This vendor met this year's inclusion criteria.
- Microsoft — This vendor met the new inclusion criterion of not needing to sell its P2P as a stand-alone solution.
- Synertrade — This vendor featured in past Magic Quadrants, but dropped out last year due to not meeting certain inclusion criteria (specifically number of sales). It met our updated inclusion criteria this year.

Dropped

No vendors that featured in last year's Magic Quadrant were dropped this year.

Inclusion and Exclusion Criteria

To qualify for inclusion in this Magic Quadrant, 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.

Honorable Mentions

Exela Technologies

Exela missed out on inclusion due to not supporting cXML punchout technology. Exela provides a wide variety of process automation solutions, P2P being one of them. Customers looking for a one-stop shop for automation should evaluate whether Exela may fit their procurement needs.

SupplyOn

SupplyOn is a versatile supply chain collaboration platform that supports P2P functions. Customers with direct material collaboration and procurement needs and those in the aerospace industry should evaluate whether SupplyOn may fit their procurement needs. SupplyOn did not meet the inclusion criteria for this Magic Quadrant, having not met the market penetration requirements.

Evaluation Criteria

Ability to Execute

Gartner evaluates a P2P suite vendor's Ability to Execute by assessing its products, services, sales, marketing execution and overall operations. We evaluate how these criteria enable the vendor to be competitive and effective in the market. We also evaluate the vendor's ability to retain and satisfy customers, create positive perception and respond to market changes.

In this Magic Quadrant, the product or service and customer experience criteria each have a "high" weighting. This is because the ability to provide a product and a customer experience that delight clients is what motivates buyers to choose something other than their ERP suite for P2P. Gartner has also rated market responsiveness as high. In the current period of economic volatility following the pandemic, it is more critical than ever that vendors can respond to the changing needs of customers in the market. Overall viability and operations criteria each have a "medium" weighting. This is to ensure that vendors have sufficient funding, growth, and organizational structure to continue developing and improving their products and customer experiences. Sales execution/pricing and marketing execution are weighted low as they are already partially accounted for in the overall viability criteria.

Table 1: Ability to Execute Evaluation Criteria

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

Source: Gartner (November 2022)

Completeness of Vision

Gartner evaluates a P2P vendor's Completeness of Vision by assessing multiple criteria that show its ability to understand current market trends, influence the future state of the market, and respond to customer needs and competitive forces — as Gartner views them.

In a mature market, product strategy and innovation are the key differentiators between vendors and their ability to anticipate and influence future customer requirements. Gartner has given these criteria the highest weighting, along with market understanding. Marketing strategy, vertical/industry strategy and geographic strategy all have a medium weighting as they convey a vendor's ability to understand customer demands and deliver value to organizations of different sizes across the globe. Meeting vertical industry needs can be particularly challenging for prospective buyers.

A vendor's Completeness of Vision is also judged on business model and sales strategy, though at a low weighting. There are meaningful differences in business models and sales strategies, especially in the area of pricing and supplier fees, but these are more a matter of fit and preference.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	*Weighting* ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	Low
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	High
Geographic Strategy	Medium

Source: Gartner (November 2022)

Quadrant Descriptions

Leaders

Leaders are in the strongest position to influence the market's growth and direction. They demonstrate a market-defining vision of how P2P technology can help procurement leaders achieve business objectives for managing compliance and controlling external spend. Leaders have the Ability to Execute against that vision through products and services, and they have demonstrated business results in the form of revenue and earnings. They excel in their combination of market understanding, innovation, product features and functions, and overall viability.

While maintaining a well-established base of long-term customers, Leaders show a consistent ability to win new deals and deliver successful implementations. Their customers are deployed in the most geographic regions, and they cover a wide variety of industry verticals and sizes of organization.

Leaders are often the vendors that other providers measure themselves against. They are also the most likely vendors in this Magic Quadrant to still be in the P2P suite business five years from now. Leaders are suitable vendors for most organizations to evaluate when seeking a P2P suite. However, they should not be the only vendors evaluated.

Challengers

Challengers have established presence, credibility and viability, and have demonstrated the ability to meet customers' expectations in terms of functionality and customer experience. Challengers tend to have a good technology vision in terms of architecture and other IT considerations, but may not have fully won over procurement and IT executives.

Challengers are well-placed to succeed in this market. However, they may not demonstrate thought leadership or innovation to the same degree as Leaders. They may be a good choice for organizations that value execution and a broader integrated product suite over vision.

Visionaries

Visionaries are ahead of most potential competitors in delivering innovative products and/or delivery models. These vendors embody trends that are shaping, or will shape, the P2P market. There may be some lack of awareness of these vendors in the market and some concerns about their Ability to Execute effectively. Visionaries have a strong vision and roadmap, which brings innovation and strong functionality to their platforms.

Visionaries may be a good choice for organizations that want innovation without a big brand or a high price. These vendors may also give customers an opportunity to skip a generation of technology. They may offer a competitive advantage or offer a chance to influence their product roadmap. They might be acquired or face a challenge to increase their market share. However, as these vendors mature and prove their Ability to Execute, they may become Leaders.

Niche Players

Niche Players offer compelling P2P suite portfolios, but their solutions may also:

Be limited in terms of cross-industry adoption

- Lack some functional components
- Lack the ability to handle deployments consistently across multiple geographies
- Lack strong business execution in the market
- Have an inconsistent implementation track record
- Lack the ability to support large enterprise requirements or complex global deployments

Niche Players can often offer the best solutions to meet the needs of particular procurement organizations, considering the price-to-value ratio of their solutions. These vendors may win deals in specific regions or industries. But they are not consistently winning new business across multiple regions or industries at the same pace as vendors in the other quadrants.

Some Niche Players demonstrate a degree of vision that suggests they might become Visionaries, but they may struggle to make this vision compelling. They may also struggle to develop a track record of continual innovation. Other Niche Players may have the opportunity to become Challengers if they continue to develop their products with a view of improving their overall execution.

Context

This Magic Quadrant evaluates vendors that met Gartner's criteria for the procure-to-pay market. P2P suites help organizations automate the transactional processes for purchasing, receiving and paying for goods and services. Many vendors in the P2P market started as point solutions in categories such as e-procurement or APIA and expanded their product to address the full process through a single integrated suite. Accordingly, don't expect vendors to have market-leading capabilities across the full suite. The P2P market is relatively mature, but the breadth of functionality and use cases that any one customer might require means that 100% perfect fits are rare.

Application leaders responsible for procurement initiatives should use this research as part of their market evaluation. Remember that not all P2P vendors, especially those with regional or industry-specific focus, have qualified for this research. Do not allow a vendor's inclusion in this report or its quadrant status to dictate your shortlist or vendor selection. There is no one-size-fits-all solution in the P2P market, and a Leader may not be the best choice for every buyer. Gartner recommends evaluating P2P vendors for best fit, including vendors that did not meet the inclusion criteria for this research.

Key considerations and recommendations for assessing best fit include:

- **Your primary use cases —** These are typically driven by expected outcomes, e.g., prioritizing efficiency in the requisitioning process or automating invoicing.
- **Global requirements —** E-invoicing and tax regulations vary by country and change regularly. Understand where you need to process fully compliant invoices and compare against the vendor's capabilities.
- **Industry-specific requirements and experience —** In many industries, unique purchasing practices will require a vendor to provide configurations best suited for your needs. Examples include manufacturing, healthcare, hospitality, public sector and education.
- **Implementation model —** Ask questions about the vendor's implementation model. Find out if it is vendor- or partner-led, how much experience each has, best practices, and typical implementation time frames and costs. Support for implementation may vary by region as a result of local resources or lack thereof. There is no right or wrong model for implementation — both vendor-led and partner-led have trade-offs. Vendor-led implementation models are typically strong with software configuration and often have better hand-off to long-term support when the project is done. Partner-led models are typically stronger with business process changes and overall organizational change management.
- **Supplier-facing capabilities —** This includes supplier networks, supplier features, onboarding practices and UX. Supplier adoption is critical to the successful implementation of a P2P suite. Note that just because large supplier networks are generally beneficial to supplier adoption, it does not mean that supplier adoption will be easy.
- **Delivery model —** Although a few P2P vendors may still offer an on-premises option, all of the vendors included in this research have a preferred cloud delivery model. Most are exclusively cloud.
- **Differentiating features and vendor roadmaps —** Prioritize UI improvements, analytics and automation in your evaluation. Ensure that the selected vendor is focused on growth and development that tracks with market expectations and trends to future-proof your investment.
- **Preconnected partner ecosystem and options for integrating with third-party applications —** Extending and enriching the P2P process can bring more long-term value to your investment. Open APIs for simplified integration are becoming very common. However, they may not cover the entire data model and/or functionality.

- **Comparison of vendors on user experience, adoption, automation and cost** — UX expectations are constantly changing and drive an organization's ability to gain adoption by end users. Furthermore, the capabilities across the market are evolving from digitization of processes to more automation driven by AI and machine learning, and can also impact user adoption. These elements, along with cost, will impact your business case. Pricing models vary and should be understood and considered during vendor selection for best fit.
- **Post go-live service model** — There are various service delivery models, between local support and remote support, as well as multiple languages supported. Some vendors also charge for a premium level of support. Ensure that your specific needs can be met and that you are aware of any additional associated costs that might be required.

Market Overview

Procure-to-pay (P2P) suites have a broad appeal for organizations across all industries and geographies. Key differentiators in the market include depth of support for multiple spend types (see Note 1), supplier network intelligence, advanced analytics and automation. Ease of use is the No. 1 factor for new buyers as implementation fees continue to grow, making successful user adoption critical. Additional key buying decision points include: global support, supplier onboarding and configurable industry capabilities. Gartner expects increased process automation, prescriptive analytics insights and turnkey integrations to heavily influence vendor selection in coming years.

Customers have a wide variety of options to choose from: ERP vendor-integrated P2P, stand-alone cloud-based and on-premises options. The biggest challenge customers have is that no solution is perfect. There can be solutions that better fit a customer, their use cases and goals for a procurement system, but it is rare to get a perfect match. This fact keeps the market evolving to meet new customer demands and back-fill incomplete functionality.

Interest in P2P suites remains high as buyers continue to look for cost savings, process automation and risk reduction in their daily procurement activities. P2P is Gartner's second-highest inquiry volume topic within sourcing and procurement applications. P2P implementations and support are a significant long-term investment for an organization, therefore having a strong match between requirements and solution is critical. Gartner estimates that the P2P technology market will experience a five-year CAGR of 13%, resulting in an annual spend of approximately $7.1 billion on P2P software in 2026.

Market Trends

Customers Buying P2P as Part of a Larger S2P Investment

P2P solutions are often the cornerstone of a procurement technology strategy. However, buyers are increasingly making investment decisions based on a larger S2P vision. S2P suites include analytics, e-sourcing, contract life cycle management and supplier management, as well as P2P. This trend to look at the larger S2P technology landscape is creating a bias toward P2P vendor selections that support the entire S2P process, even if the customer ends up buying non-P2P components from other vendors. Gartner expects to continue seeing investment in full S2P suites as an influencing factor in P2P suite vendor selection.

Midmarket Adoption Continues to Grow

While large enterprises have been initial adopters of this technology, interest by midsize organizations to expand beyond fragmented point solutions to full-suite adoption has increased. Midmarket customers are also most likely to invest in S2P suites because they have limited resources for managing multiple vendors. This is coupled with vendors developing both marketing and pricing strategies to appeal to midmarket customers.

Risk and ESG

Organizations often deploy a P2P suite as a system of record, and thus the ideal place to enforce environmental, social and governance (ESG) policies and mitigate supplier risk. This has become a key area of interest for customers in the vendor selection process. The ability to seamlessly guide end users to suppliers and products that support ESG and other internal policies is commonly a must-have capability for P2P buyers. The desire to quickly reduce or shut off new purchases from high-risk suppliers is also growing, leading to more scrutiny on how well supplier information and risk management is integrated into P2P solutions.

Prescriptive Analytic Insights

P2P suite vendors are introducing more advanced and contextualized analytics enabled by artificial intelligence (AI). Drawing from customer, supplier and market data to provide actionable insights is a key trend for these suites. This can include better spend visibility and process benchmarks, but leading vendors are also starting to provide predictive and prescriptive insights for users to improve decision making. Today, these more advanced forms of analytics are a differentiator, but will be sought after as a standard expectation as they further infiltrate the market.

Accounts Payable Automation

While self-service capabilities and guided buying have often been the primary reasons for adopting a P2P suite, accounts payable invoice automation (APIA) has become a key driver. It is a top influencing factor in social media and inquiry discussions. As automating AP continues to grow in importance for organizations, decision making is evolving from solely the preserve of the CPO to include the CFO as a joint decision maker.

Evidence

Information used to create the inclusion criteria, market definition and vendor evaluations in this Magic Quadrant came from many sources:

- Interactions of Gartner analysts with hundreds of end-user clients regarding their procurement and sourcing initiatives in 2021 and 2022.
- Interactions with procurement and sourcing vendors in 2021 and 2022.
- Verified customer feedback posted on Gartner Peer Insights in 2021 and 2022.
- A series of briefings, video demonstrations and questionnaire responses by the vendors included in this Magic Quadrant.
- Financial data from the S&P Capital IQ platform for the public companies; and for the private companies, financial data from the vendors themselves. This information was scored using Gartner's financial model (see Understanding the Methodology Behind Gartner's Financial Statement Scorecard for Public Companies).
- Forecast: Enterprise Application Software, Worldwide, 2020-2026, 3Q22 Update

Note 1

Gartner definitions of spend types:

- **Indirect goods spend** — Purchases of tangible items consumed by the organization that are not directly related to the manufacturing or sales of products. These goods are typically needed to operate.
- **Direct goods spend** — Purchases of tangible items directly related to the manufacturing of a company's products. Examples include raw materials, component parts and hardware.
- **Services** — Transactions of intangible deliverables purchased by the organization, typically defined by a statement of work.

Gartner defines "source to pay" as a suite of applications that address spend analysis, e-sourcing, contract life cycle management, supplier management and procure-to-pay. Many vendors evaluated in this Magic Quadrant offer procure-to-pay as part of a source-to-pay suite.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.