



The Forrester Wave™: SVM Tool Set, Q1 2013

by Lutz Peichert and Mark Grannan, February 25, 2013

KEY TAKEAWAYS

SVM Tool Set Solutions Provide Functionality And Integrate And Optimize Processes

Today's cost-centric environment is forcing SVM to consider new business-value drivers. SVM solutions providers can now offer integrated processes that span their SVM solution stack, which enable their customers to streamline processes, collaborate with stakeholders, and provide reporting and analytics to assist in optimization initiatives.

The SVM Tool Set Market Will Grow As SVM Pros Realize The Full Scope Of The Benefits Of Integration

Integrating point solutions via robust workflows will boost SVM efficiency in executing Forrester's sourcing life cycle. The SVM tool set market will grow as more SVM professionals see their potential. Streamlined processes and data flow will allow SVM professionals to focus on performance.

Workflow Design, Collaboration, And Analytics Are Key Differentiators In The SVM Tool Set Market

As standalone technology becomes outmoded in a maturing SVM landscape, SVM professionals should implement suites to improve workflow design, collaboration, and reporting that span the sourcing life cycle. SVM professionals should evaluate their existing technology stack to complement and accelerate all contiguous processes, not just the manual ones.

The Forrester Wave™: SVM Tool Set, Q1 2013

Today's Tool Sets Improve Supplier Management Through Integration And Workflow

by [Lutz Peichert](#) and [Mark Grannan](#)
with [Duncan Jones](#)

WHY READ THIS REPORT

Sourcing organizations have matured, and sourcing and vendor management's integration with internal and external stakeholders will be the key to delivering value going forward. Forrester believes that sourcing and vendor management (SVM) professionals must not only focus on the features and functionality of individual tools but also on the integration and workflow across the tools that support SVM processes, as these can uncover SVM's untapped potential. In Forrester's 18-criteria evaluation of SVM tool set vendors, we identified 10 of the most significant solutions providers — Adaco, Ariba (an SAP company), Beeline, ePlus, Iasta, IBM Emptoris, Ivalua, Perfect Commerce, Pool4Tool, and SAP — in the category and researched, analyzed, and scored them. This report details our findings about how well each vendor fulfills our criteria and where they stand in relation to each other to help SVM professionals select the ePurchasing solutions providers that have built integrated, workflow-based SVM tool sets.

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Notes & Resources

Forrester conducted product evaluations from September 2012 to October 2012 and interviewed or surveyed 10 vendor companies, Adaco, Ariba (an SAP company), Beeline, ePlus, Iasta, IBM Emptoris, Ivalua, Perfect Commerce, Pool4Tool, and SAP, and 30 user companies.

Related Research Documents

[Introducing The Sourcing Life Cycle 2.0](#)
September 8, 2011

[Supplier Risk And Performance Management Software: The Criteria To Look For In A System](#)
August 1, 2011

[The Forrester Wave™: Contract Life-Cycle Management, Q2 2011](#)
June 29, 2011



INTEGRATED WORKFLOWS ARE A KEY PIECE OF THE SVM MATURITY PUZZLE

Forrester's SVM analysts have a mantra: Never outsource a problem. This mantra has a cousin that we find increasingly necessary to reiterate: A tool is not a substitute for a process. Yet tools loom large on most operational maturity spectrums. This paradox can be better understood with maturity road maps that typically demand that SVM professionals find a way to do it better, faster, and/or cheaper once the process is in place. Yet many SVM professionals we speak with fail to identify the tools that support process integration to push the SVM organization (SVMO) toward better, faster, and cheaper operations.

The commercial software market targeting SVM processes has matured significantly in the more than 25 years since IT outsourcing became common. Forrester is beginning to characterize many of the SVM-centric offerings as “smart process apps” due to the deep process, collaboration, analytics, and integration built into these solutions.¹ By connecting the sourcing-life-cycle processes that are already taking place with these smart process apps, SVMOs can bootstrap themselves out of a transactional-effectiveness mode and into a strategic value driver role for the business.

Integrated Workflows Deliver Efficiencies, Collaboration, And BI

Forrester spoke with a chief procurement officer (CPO) who created a metaphor for SVM and procurement: the heating system that sits in the basement. The heating system burns fuel (i.e., money) and generates heat and hot water (i.e., cost and risk protection) to protect those upstairs from the cold (i.e., cost overruns, project delays, and noncompliance). When the heating system is running properly, no one upstairs has any interest to invest more money into it. But the CPO we spoke with did not end the analogy with this grim view.

Just as you can make your heating system cheaper and more reliable, so can you upgrade your vendor management processes with integrated tool sets that deliver:

- **Process efficiencies to allow SVM to focus on higher value work.** Like insulated pipes protect water from freezing, streamlined processes protect the management process from stalling, reducing project delays and noncompliance, which frees up money to be spent on other initiatives. Connecting the solutions that sit beneath those processes minimizes the risk of financial losses or process reiterations from inconsistent data and removes the responsibility of taking care of transactions from SVM's shoulders. SVM professionals can then focus on sourcing strategy and business relationships.

“The suite helps us to manage our supplier relationships more effectively. The integration of supplier information with internal process data and external content enables us to save time and money.” (European purchasing application manager, manufacturing)

- **Flexibility and collaboration to raise stakeholder awareness of the sourcing life cycle's impact.** Flexible, collaborative workflows are like modern water heaters that can provide instant hot water when you request it yet waste no energy keeping it on standby. SVM professionals are typically responsible for the coordination of a long list of internal and external stakeholders whose input can be sought or necessary with little or no warning. Working in a flexible, collaborative framework with these stakeholders places the sourcing life cycle at the pinnacle of operational execution: All stakeholders are involved at the right level and the right time, as determined by best practice rules and real-time considerations.

“[The solution set we adopted] gives to our internal customers the opportunity to build a real team with the purchaser and the supplier.” (European purchasing application manager, manufacturing)

- **BI and reporting capabilities to prove SVM's value to the business and drive optimization.** Like modern smart thermostat control systems that cut energy usage, BI and reporting capabilities provide insight into trends, identify problems, and track improvements. Not only can you get more visibility into process efficiency, you can also communicate SVM's value to the business via spend analysis or workflow efficiency data. The reporting and BI capabilities necessary to achieve this are reaching robust levels that many business executives would be hard pressed to ignore.

“[The solution set we selected] enabled program transparency into our spend, which allows us to track savings in an accurate fashion and develop consistent, efficient processes.” (North American technology director, financial services)

But SVM Is Not Currently Leveraging Integrated Solutions . . . Yet

The benefits of integrated workflows are intuitive to many SVM professionals — a recent Forrester survey found that 39% of our respondents believe that integrated ePurchasing suites would help them to do their job better (see Figure 1).² Yet only 8% of SVM professionals are currently using ePurchasing modules in an integrated fashion.

The difference between these two represents the largest untapped market opportunity of any ePurchasing solution. Forrester predicts that suite adoption — either via purchasing or integrating existing tools — will grow rapidly as the use cases mature and sellers message the benefits more broadly.

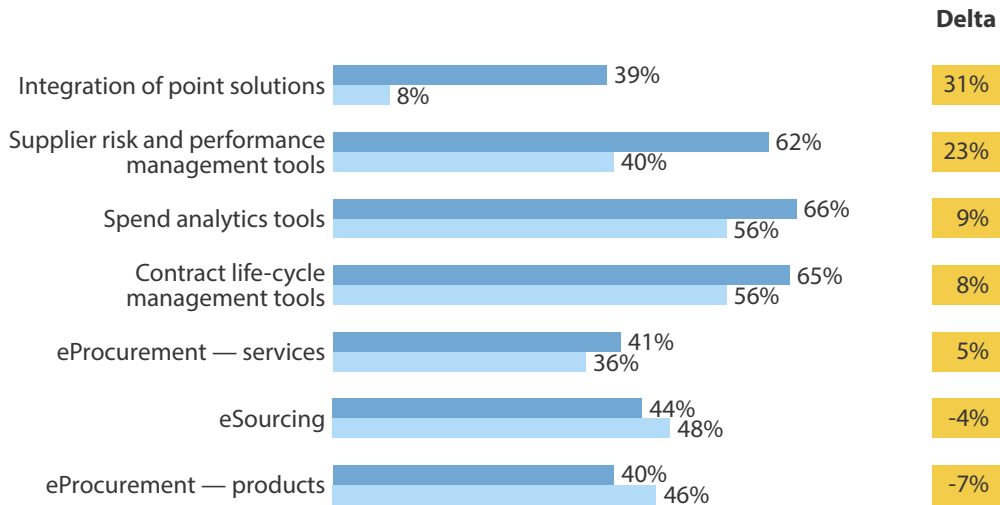
Figure 1 A Clear Opportunity To Integrate Point Solutions

“Which ePurchasing solutions do you think would/currently do help you do your job better?”

■ How much they think the solution [would/currently do] help them do their job better (3 and 4 on a scale of 1 [not at all] to 4 [very much])

“Which ePurchasing solutions do you use currently?”

■ Currently using



Base: 186 SVM professionals

Source: Q3 2012 Global Sourcing And Vendor Management Priorities Online Survey

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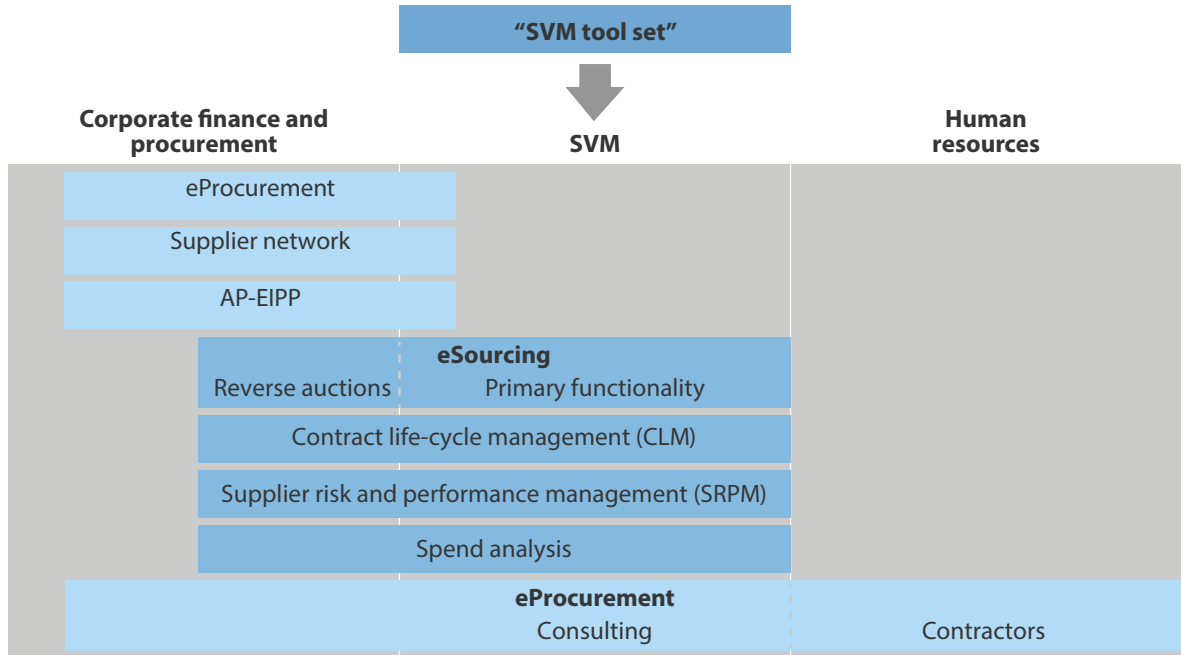
Source: Forrester Research, Inc.

The SVM Tool Set Market Reflects Forrester’s Sourcing Life Cycle 2.0

Forrester’s view is that this submarket of ePurchasing tools will reflect the evolution of the sourcing life cycle. The qualitative evidence supporting the increased value of a 360-degree view across your suppliers has been growing in the past five years. As a result, Forrester developed the sourcing life cycle 2.0, which focuses on the integration across tasks to enable better transparency and value.³

The solutions that make up Forrester’s SVM tool set are: eSourcing, contract life-cycle management (CLM), supplier risk and performance management (SRPM), and spend analysis (see Figure 2). Linking these four modules — or functionality segments — together via integrated workflows is a logical result of many SVMOs’ approaches to effectively streamline their functional models (including Forrester’s sourcing life cycle 2.0) (see Figure 3). Forrester has found that our current view of the market resonates with both the vendor community and with clients.⁴ Going forward, we expect that SVM functional models will continue to evolve organically as adoption of integration and workflow accelerates.

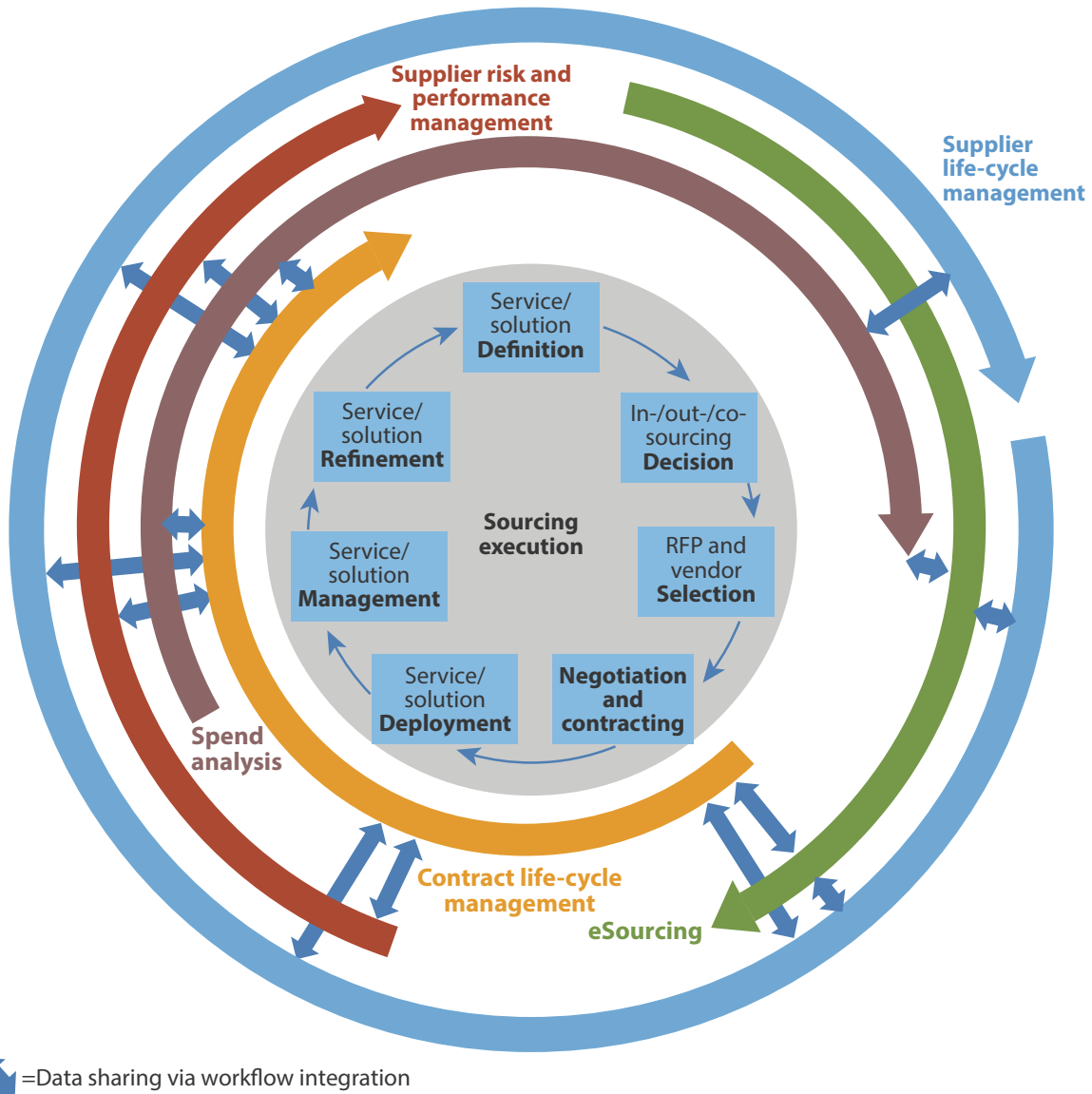
Figure 2 Forrester's SVM Tool Set Definition



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Source: Forrester Research, Inc.

Figure 3 The SVM Tool Set's Workflow Integration Supercharges The Sourcing Life Cycle



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Source: Forrester Research, Inc.

The SVM Tool Set Market Is Aggressively Taking Shape

Forrester speaks to enterprise SVM clients who are concerned about the disruptions that are rippling throughout the ePurchasing software market — specifically the SVM tool set market. Forrester views these disruptions as the frontrunner of real and meaningful change that will provide smarter, more efficient tools. Vendors are looking to round out their ePurchasing offerings to provide greater native integration and workflow capabilities across their stack. Evidence includes:

- **IBM's acquisition of Emptoris.** Late in 2011, IBM added to its Smarter Commerce initiative with the acquisition of Emptoris, which had itself acquired Click Commerce, Rivermine, and Xcitech over the previous three years.⁵ The Emptoris offering joins IBM's 2010 acquisition of Sterling Commerce, and the road map for integration with other IBM offerings is materializing under the Smarter Commerce umbrella.
- **SAP's acquisition of Ariba.** SAP spent \$4.3 billion to acquire Ariba in May 2012, further proving its dedication to the market in which it already has strong on-premises and growing on-demand solutions.⁶ Forrester sees strong cross-pollination possibilities if SAP can simplify and unify its SVM portfolio to better promote integration and workflow via both on-premises and SaaS solutions.⁷
- **SciQuest's acquisition of Upside Software and Spend Radar.** SciQuest spent more than \$10 million for Spend Radar in September 2012 and \$22 million for Upside Software in July 2012.⁸ This level of investment into core components of the SVM tool set should prove compelling if SciQuest is able to integrate and market the tools effectively.
- **Anticipated acquisitions throughout 2013.** Forrester expects further activity in this space in the near future as both large and small best-of-breed solutions focus on adding real-time analysis and collaboration functionality either through home-built solutions or mergers and acquisitions (M&A) activity.⁹ We also expect consolidation in the services procurement and SRPM markets.

SVM TOOL SET EVALUATION OVERVIEW

To assess the state of the SVM tool set market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top SVM tool set vendors relative to integration and workflow across the sourcing life cycle. Throughout the evaluation, Forrester made a concerted effort to not focus on features and functionality of individual ePurchasing disciplines. Instead, the evaluation targeted aspects of the SVM tool sets that either enable integration and workflow or are representative of their benefits.

Forrester's view of the SVM tool set applies to a broad spectrum of commodities and services. There are vendors that are moving toward an integrated, workflow-enabled solution that will not be relevant in many use cases due to their strict vertical or commodity focus. Forrester views these specialized solutions providers that are targeting much of the same client base as prime examples of the importance of integration and workflow spreading throughout the ePurchasing market; however, clients need to vet their own category needs against the vendors' specialization.

The Evaluation Criteria Focuses On Integration And Workflow Capabilities And Strategy

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 18 criteria, which we grouped into three high-level buckets:

- **Current offering.** Forrester leveraged this section to serve four primary purposes: 1) Confirm the commercial viability of the individual modules; 2) establish workflow and integration architecture and capabilities across the SVM tool set; 3) establish the commercial strengths in sales, implementation, and support; and 4) reflect client satisfaction of existing vendor-supplied references. Forrester dug deepest on workflow records management, design, collaboration, and flexibility; BI and reporting; and external integration.
- **Strategy.** Vendor strategy was evaluated based on two angles: vision or road map for the solution and financial commitment to the SVM tool set offering. Forrester reviewed the 12- to 18-month road map of each solutions provider for ePurchasing workflow functionality and integration with external solutions and data sources. Each supplier's SVM tool set R&D spend was weighed to judge the level of reinvestment in the solution, but relative to the SVM tool set revenue. Forrester also evaluated the SVM tool set revenue against overall corporate revenue as a measure of market stability and corporate focus in the SVM tool set space.
- **Market presence.** Forrester measured each provider's presence in this market based on the number of enterprise clients using all of the SVM tool set functionality and the number of years the vendor has had active SVM tool set solutions in the market.

The Evaluated Vendors Include A Broad Selection Of SVM Solutions Providers

Forrester included 10 vendors in the assessment: Adaco, Ariba, Beeline, ePlus, Iasta, IBM Emptoris, Ivalua, Perfect Commerce, Pool4Tool, and SAP. Each of these vendors has (see Figure 4):

- At least three of the four subcategories of ePurchasing functionality that make up the SVM tool set offered via an organic product or detailed contractual partnership.¹⁰
- Current, active enterprise (more than 1,000 employees) clients using all of the modules that represent SVM tool set functionality — and are able to supply three client references from firms that meet the same characteristics.
- Solutions that can support broad market adoption and are available and currently implemented in at least two primary geographies with local language support (i.e., screen help and customer support).¹¹

Figure 4 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Product sets evaluated	eSourcing	CLM	SRPM	Spend analysis	Product version evaluated	Product release date
Adaco	.NET	×		×	×	4.6	April 2012
Ariba	Ariba Sourcing	×				12s1	September 2012
	Ariba Contract Management		×			12s1	September 2012
	Ariba Supplier Information and Performance Management			×		12s1	September 2012
	Ariba Spend Visibility				×	12s1	September 2012
Beeline	Beeline VMS		×	×	×	8.3	July 2012
ePlus	OneSource Procurement	×	×	×	×	7.3	June 2012
Iasta	Smart Source/Sourcing	×				8.5	August 2012
	Smart Source/Contract Management		×			8.1	2010
	Smart Source/Supplier Information Management			×		8.5	2012
	Smart Source/Smart Analytics				×	3.5	2011
IBM Emptoris	IBM Emptoris Sourcing	×				v10	December 2012
	IBM Emptoris Contract Management		×			v10	December 2012
	IBM Emptoris Supplier Lifecycle Management			×		v10	December 2012
	IBM Emptoris Spend Analysis				×	v10	December 2012

Source: Forrester Research, Inc.

Figure 4 Evaluated Vendors: Product Information And Selection Criteria (Cont.)

Vendor	Product sets evaluated	eSourcing	CLM	SRPM	Spend analysis	Product version evaluated	Product release date
Ivalua	Ivalua Buyer	×				7.0	October 2011
	Ivalua Buyer/Contract Management		×			7.0	October 2011
	Ivalua Buyer/Supplier Risk Management and Supplier Performance Evaluation			×		7.0	October 2011
	Ivalua Buyer				×	7.0	October 2011
Perfect Commerce	Perfect Source	×				0712	July 2012
	Perfect Contract		×			0712	July 2012
	PerfectSource/Scorecard Manager			×		0712	July 2012
	Perfect Analyze (*pending)				×	0712	July 2012
Pool4Tool	(over 40 modules updated monthly)	×	×	×	×	11-2012	November 2012
SAP	SAP Sourcing Wave 9 (On Demand/ SaaS)	×				9	March 2012
	SAP Sourcing Version 9.0 (On Premise)	×				9.0	October 2012
	SAP Contract Lifecycle Management 9 (On Demand/SaaS)		×			9	March 2012
	SAP Contract Version 9.0 (On Premise)		×			9.0	October 2012
	SAP Sourcing Wave 9 - Supplier Management "Package" (On Demand/SaaS)			×		9	March 2012
	SAP Sourcing Version 9.0 - Supplier Management Module (On Premise)			×		9.0	October 2012
	SAP Spend Performance Management (SPM) 3.0				×	3.0	May 2012

Source: Forrester Research, Inc.

Figure 4 Evaluated Vendors: Product Information And Selection Criteria (Cont.)

Selection criteria

1. At least three of the four subcategories of ePurchasing functionality that make up the SVM tool set offered via an organic product or detailed contractual partnership.
2. Current, active enterprise (more than 1,000 employees) clients using all of the modules that represent SVM tool set functionality — and are able to supply three client references from firms that meet the same characteristics.
3. Solutions that can support broad market adoption and are available and currently implemented in at least two primary geographies with local language support.

Source: Forrester Research, Inc.

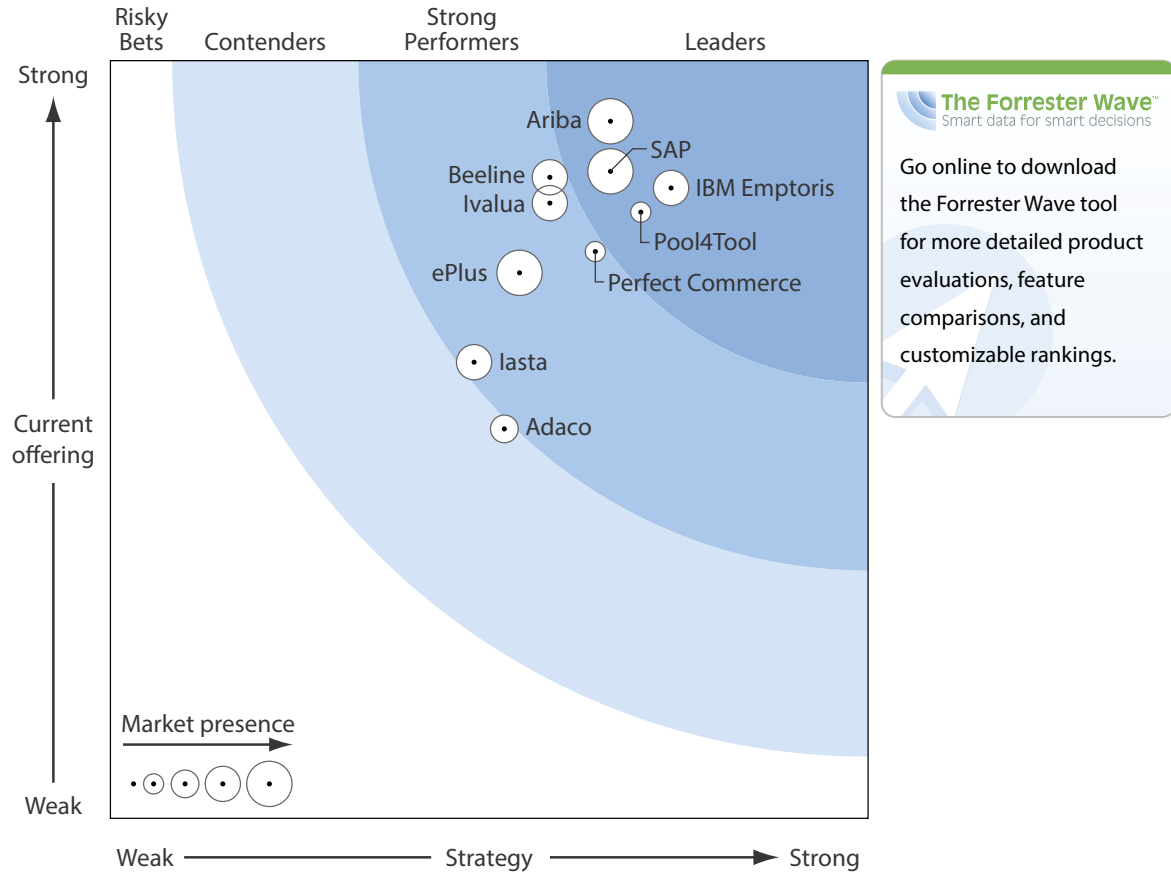
INTEGRATION AND WORKFLOW ARE RIPE FOR THE PICKING

The evaluation uncovered a strong but mixed market in which (see Figure 5):

- **Ariba, IBM Emptoris, SAP, and Pool4Tool lead the pack in unique ways.** Ariba's sourcing heritage is built on top of a best-of-breed workflow solution and its leading supplier network. IBM Emptoris' deep functionality is plugged into an intriguing supply master solution that is spreading across IBM's portfolio. SAP leverages broad functionality with deep business process roots, allowing for pervasive integration and collaboration points while planning for deep synchronization with recently acquired Ariba. Despite a limited size and geography footprint, Pool4Tool's unified framework is inherently integrated, and it has built a convincing third-party content delivery store to broaden its relationships.
- **Beeline, ePlus, Iasta, Ivalua, and Perfect Commerce have very compelling solutions.** Each of these providers offers a well-integrated solution but widely varied off-the-shelf integrations and strategies. Each solution will have specific selling points that will prove attractive for diverse reasons.
- **Adaco has a robust solution for a niche market.** Adaco has a strong history serving the hospitality industry and remains one of the only providers to holistically meet the needs of hotel and restaurant commodity sourcing. Adaco's strategy is laser-focused on this market.

This evaluation of the SVM tool set market is intended to be a starting point only. We encourage clients to view detailed product evaluations and adapt criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool.

Figure 5 Forrester Wave™: SVM Tool Set, Q1 '13



Source: Forrester Research, Inc.

Figure 5 Forrester Wave™: SVM Tool Set, Q1 '13

	Forrester's Weighting	Adaco	Ariba	Beeline	ePlus	lasta	IBM Emptoris	Ivalua	Perfect Commerce	Pool4Tool	SAP
CURRENT OFFERING	50%	2.57	4.60	4.23	3.60	3.01	4.16	4.06	3.74	4.00	4.27
eSourcing solution maturity	3%	2.00	4.00	0.00	3.00	3.00	4.00	3.00	4.00	5.00	5.00
CLM solution maturity	3%	0.00	4.00	3.00	3.00	2.00	5.00	3.00	4.00	3.00	5.00
SRPM solution maturity	3%	2.00	4.00	5.00	3.00	2.00	4.00	3.00	4.00	3.00	5.00
Spend analysis solution maturity	3%	2.00	4.00	4.00	3.00	2.00	3.00	3.00	0.00	3.00	4.00
Integrated BI and reporting	12%	3.00	5.00	5.00	4.00	2.00	4.00	4.00	4.00	3.00	5.00
Workflow records management	13%	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00
Workflow design capabilities	12%	1.00	4.00	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Workflow flexibility	12%	1.00	5.00	5.00	3.00	5.00	5.00	5.00	5.00	5.00	3.00
Workflow collaboration	13%	2.00	5.00	4.00	4.00	2.00	4.00	4.00	4.00	4.00	5.00
Platform/back-end technology	0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External integration	12%	3.00	5.00	4.00	4.00	2.00	5.00	4.00	2.00	5.00	3.00
Sales and support strategy	4%	3.00	5.00	3.00	3.00	3.00	5.00	5.00	3.00	5.00	5.00
Platform delivery	4%	4.00	4.00	3.00	4.00	4.00	4.00	3.00	3.00	3.00	4.00
Client satisfaction	6%	4.00	3.00	5.00	4.00	4.00	2.00	5.00	5.00	3.00	4.00
Horizontal focus	0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
STRATEGY	50%	2.60	3.30	2.90	2.70	2.40	3.70	2.90	3.20	3.50	3.30
Vision for ePurchasing offerings	40%	3.00	3.00	2.00	3.00	2.00	4.00	3.00	3.00	4.00	4.00
Vision for integration	30%	2.00	4.00	3.00	3.00	2.00	4.00	3.00	3.00	5.00	4.00
Product investment	20%	3.00	2.00	5.00	3.00	3.00	4.00	3.00	5.00	2.00	2.00
Corporate SVM tool set focus	10%	2.00	5.00	2.00	0.00	4.00	1.00	2.00	1.00	0.00	1.00
MARKET PRESENCE	0%	2.60	4.20	3.40	5.00	3.40	3.40	3.60	1.80	1.80	4.60
Enterprise client base	60%	1.00	5.00	3.00	5.00	3.00	3.00	4.00	1.00	1.00	5.00
Market tenure	40%	5.00	3.00	4.00	5.00	4.00	4.00	3.00	3.00	3.00	4.00
Vertical focus	0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders Showcase Intriguing Strengths

- Ariba provides a world-class SaaS sourcing suite built on a workflow foundation.** Ariba's more than 17 years in the enterprise sourcing space has been built on a persistent focus on workflow design, which generated top marks across workflow and integration metrics. Leveraging SAP's global enterprise influence, Ariba's strategy is to be the go-to on-demand

solution for enterprise sourcing from SAP while channeling Ariba Network functionality deeper into SAP's offerings.

- **IBM Emptoris delivers deep SVM functionality with an intriguing supply master strategy.** IBM Emptoris' substantial capabilities in strategic sourcing are continuing to broaden under a strong, overarching IBM road map. IBM Emptoris' V10 highlights virtual supply master (VSM) technology that unifies supplier records across the SVM life cycle, enabling strong performance for workflow management and integration. IBM Emptoris' 12- to 18-month strategy focuses on driving VSM to be the primary collaboration and analytics integration point across IBM's portfolio of Smarter Commerce solutions.
- **SAP gets high marks across the board and flexes BI muscles.** SAP is a global provider of enterprise solutions. SAP's SVM tool set functionality builds off of this deep business process knowledge and has remarkably thorough collaboration and reporting capabilities. SAP's strategy focuses on integrating and synchronizing with its recent acquisition, Ariba, starting with the Ariba Network. SAP is positioning its existing SVM functionality as the on-premises solution for SVM and procurement professionals. It will utilize its HANA technology to extend its analysis and big-data-based analytical and BI capabilities.
- **Pool4Tool gets high marks on workflow and has a strong external integration strategy.** Pool4Tool is an Austrian-based solutions provider with a strong client base in Central Europe and strong relationship with SAP. Pool4Tool's SVM tool set was always architected on a common platform, and the benefits to workflow and integration are clear. Pool4Tool's external integration strategy is bolstered dramatically with its content store approach, which is creating a delivery ecosystem from a growing pool of third-party data and enterprise solutions.

Strong Performers Offer Robust SVM Solutions

- **Beeline is a labor and services solution with robust workflow, collaboration, and analytics.** Normally known for contingent labor management, Beeline is expanding its repertoire with outsourcing and project-based services. Beeline's strong workflow, user collaboration, and BI features that stem from its contract labor heritage are bleeding into new areas. Beeline offers a compelling strategy for firms with strong workforce needs.
- **Ivalua provides strong sourcing functionality via integrated modules.** Based in France, Ivalua has deep roots in purchasing automation. As a 12-year-old company, Ivalua's module-based unified platform grew up in an ePurchasing world and has matured today with strong collaboration, workflow, and reporting capabilities. Touting speed-to-value and flexibility, Ivalua's strategy is targeted at generating deeper SVM functionality, expanding into product life-cycle management and enabling buyers to see value earlier.

- **Perfect Commerce is a targeted sourcing and procurement solution.** Perfect Commerce is a Virginia-based solutions provider with a strong pedigree in enterprise SaaS. Despite a current blind spot on spend analysis, Perfect's suite of solutions offer deep sourcing functionality, with templates and libraries that span multiple solutions. Perfect's strategy for functionality will focus on increased third-party data integration and improved BI and reporting via dynamic dashboards in the coming 12 to 18 months.
- **ePlus offers an expansive combined solution with broad SVM benefits.** ePlus leverages more than 20 years in the IT services industry with OneSource's robust sourcing workflow records management, collaboration, and integration with external enterprise systems. ePlus supports a broad array of platform rollouts, with resources and expertise baked into a concise methodology made from a long IT services track record. ePlus will focus on developing optimized sourcing functionality, advanced analytics, and a streamlined ecosystem for external integrations.
- **Iasta's robust sourcing modules offer strong workflow management and flexibility.** Iasta's eSourcing heritage has matured with the introduction of intriguing SRPM and spend analysis in the past three years. Iasta's solution supports a common view across modules via two offerings — SmartAnalytics and ExecutiveAnalytics — both built on QlikTech BI technology. Iasta's 12- to 18-month strategy focuses on developing stronger real-time analytics, granular contract management, and standardized enterprise back-end systems (e.g., ERP) integrations.

Contenders Have Compelling, Niche Offerings

- **Adaco has a robust commodities solution for the global hospitality industry.** Adaco's .NET solution represents the core offering from the 27-year-old firm, and it is solely focused on the needs of the hospitality industry. Given the tight focus, .NET avoids CLM functionality given the hotel commodities' need for only a purchase order. For those global, enterprise clients operating within this framework, .NET reigns with robust workflow features, but it has little to no flexibility or design capabilities. Despite this lack of workflow flexibility, the solution strategy focus is on streamlined goods purchasing via intriguing centrally managed "recipe" (i.e., basket of goods) functionality.

VENDORS NOT COVERED IN THIS FORRESTER WAVE

Forrester covers the ePurchasing market, but given its size and breadth, there are a wide range of vendors that should also be mentioned but either they were unable to support the Forrester Wave process or we were unable to verify their ability to meet the minimum criteria. Each vendor that participated in this Forrester Wave has direct competitors that are likely to serve similar needs. But specific to this market, Forrester believes the following six vendors have or will have solutions that potentially meet the minimum criteria for the SVM tool set market:

- **BidSync specializes in North American public sector eProcurement.** It has a long heritage of working with US governmental institutions and agencies with a focus on sourcing, contracting, and purchasing in the North American market. It has a strong supplier life-cycle focus, along with extensive support for relevant regulations.
- **BravoSolution's portfolio focuses on holistic, strategic sourcing.** It has a strong presence in construction, healthcare, and the public sector. It has supplier performance management, spend analysis, and eSourcing modules touted as a software toolkit to support the full supply management life cycle.
- **Oracle is developing an integrated set of SVM tools in its Oracle Fusion Applications line.** The suite promises integrated workflows and has a steadily growing installed base.¹² In the meantime, users of Oracle's E-Business Suite and PeopleSoft product lines should consider their respective SVM tools, including, for example, Oracle Supplier Lifecycle Management and Oracle Procurement and Spend Analytics, which are already preintegrated with their back-end Purchasing and Payables applications.
- **Proactis is a good solution for companies with a European focus.** It has developed integrated solutions for both source-to-contract and purchase-to-pay, with a focus on spend control. Proactis sells its product globally, although it is strongest in the UK, where it has its headquarters.
- **SciQuest's acquisition activity should yield a strong SVM solution.** The recent acquisitions of AECsoft and Upside complement SciQuest's existing functionality to provide a comprehensive suite once the company has integrated them with its core products. The additions will also help SciQuest expand beyond its current niches in higher education, life sciences, healthcare, and the public sector.
- **Zycus has moved beyond its spend analysis heritage.** It has developed a broad suite of SVM solutions focusing on usability and smart sourcing. It could be a good choice for companies that want a good tool set and an alternative to the current market leaders.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 5 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of three data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their product's functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- **Customer reference survey.** To validate product and vendor qualifications, Forrester also conducted a reference survey with two to three of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

Survey Methodology

Forrester's Q3 2012 Global Sourcing And Vendor Management Priorities Online Survey was fielded to 186 SVM professionals. For quality assurance, we screened respondents to ensure at least one year of SVM experience.

Forrester fielded the survey in September 2012. Respondent incentives included a summary of the survey results. Exact sample sizes are provided in this report on a question-by-question basis.

This survey used a self-selected group of respondents (Forrester clients knowledgeable of SVM practices within their organization) and is therefore not random. This data is not guaranteed to be representative of the population, and, unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes. While nonrandom, the survey is still a valuable tool for understanding where users are today and where the industry is headed.

ENDNOTES

- ¹ Business executives want what we call “smart process applications” — a new generation of packaged applications that are being created specifically for these collaborative business activities. These smart process apps are built on what Forrester introduced in 2008 as dynamic business apps (DBA) principles — a set of software design principles for creating software apps that were designed for people and built for change. Dynamic business apps are easy for people to use, help them collaborate more effectively, and, yet, are adaptable to the rapid pace of change required by today’s dynamic business demands. Smart process applications take these design principles, which can apply to any software product or custom solution, and make them the core functions of packaged applications focused on human-centered business activities that are collaborative in nature, loosely structured, and subject to change yet are critical to the successful operation of any business or government enterprise. See the August 8, 2012, “[Smart Process Applications Fill A Big Business Gap](#)” report.
- ² Forrester’s market coverage is well summarized in a previous report. See the May 2, 2012, “[Predictions 2012: The ePurchasing Market Will Grow 10%](#)” report.
- ³ While in the past, cost was the primary issue driving most sourcing decisions, this has changed, and now business agility and flexibility are at forefront of technology purchasing decisions. Successful companies are currently rebuilding their vendor management organizations to cope with these challenges, with a goal of expanding the reach and responsibility of strong sourcing practices. While IT and business stakeholders realize the importance of these new organizations, substantive changes are needed to meet the new requirements in speed and agility of the business units, and a new sourcing model is required. In particular, companies will need to focus on improving integration of the sourcing process with other key IT processes and streamlining and a separation of strategic and tactical activities within the sourcing life cycle. See the September 8, 2011, “[Introducing The Sourcing Life Cycle 2.0](#)” report.
- ⁴ Forrester conducted an informal survey of 26 vendors in the ePurchasing space in Q2 2012. We asked, “How does your company’s market view align with Forrester’s?” Eleven of the survey respondents agreed that their product strategy and client support models mirror the bulk of our view of the ePurchasing market, nine agreed somewhat, three disagreed somewhat, and one disagreed.
- ⁵ Source: “IBM Acquisition of Emptoris Bolsters Smarter Commerce Initiative, Helps Reduce Procurement Costs and Risks,” IBM press release, December 15, 2011 (<http://www-03.ibm.com/press/us/en/pressrelease/36225.wss>).
- ⁶ Source: “SAP to Expand Cloud Presence with Acquisition of Ariba,” SAP press release, May 22, 2012 (<http://www.sap.com/corporate-en/press.epx?PressID=18955>).

- ⁷ Forrester's opinion, based on briefings from SAP and conversations with customers, is that SAP's Frictionless integration strategy focused too much on trying to expand and streamline the interfaces between Frictionless and Business Suite and did not develop the functionality and usability sufficiently quickly. SAP and Ariba customers will want SAP to deliver on the current product road maps rather than try to create "prebuilt integrations." See the August 03, 2012, "[The SAP/Ariba Merger Will Not Be Frictionless](#)" report.
- ⁸ Source: "SciQuest Acquires Assets of Spend Radar, a Leading Spend Analysis Firm," SciQuest press release, September 28, 2012 (<http://www.sciquest.com/sciquest-acquires-spend-radar-release/>).
- Source: "SciQuest Acquires Assets of Upside Software, a Worldwide Leader in Contract Lifecycle Management Solutions," SciQuest press release, July 24, 2012 (<http://www.sciquest.com/sciquest-acquires-assets-of-upside-software-a-worldwide-leader-in-contract-lifecycle-management-solutions/>).
- ⁹ Providing a product that has advanced features for consolidation and awareness of important data, real-time analysis, and collaboration will continue to be a differentiator for small and midsize vendors. See the November 3, 2011, "[Market Overview: ePurchasing And Contract Life-Cycle Management In 2011 To 2012](#)" report.
- ¹⁰ The modules are defined by the functionality they represent. Forrester did not review this functionality as part of this research effort, but reviewed commercial maturity of each solution and reserved the right to demand a product demonstration.

Forrester defines eSourcing modules by native functionality across three primary categories: 1) Supplier selection involves leveraging supplier profile management and search tools to enable supplier discovery functionality. In addition, supplier assessment is handled using internal and external supplier ratings and a Balanced Scorecard approach; 2) event management spans collaborative, rules-based proposal creation, sourcing event process management, RFx management, and auction event execution; and 3) sourcing decision is a balance of weighing price and non-price criteria, with the assistance of automation functionality that enable comparison and decision support.

Forrester defines contract life-cycle management by native functionality across nine phases: 1) contract creation with authoring support and third party plug-ins; 2) existing third-party contract support and import functionality; 3) contract repository with organization and reporting capabilities; 4) contract negotiation with third-party and business stakeholder access; 5) buy-side contract support; 6) contract approval with routing rules and eSignature capabilities; 7) contract fulfillment tracking with verification analysis; 8) contract optimization with collaboration capabilities; and 9) overall contract process and life-cycle management.

Forrester defines SRPM solutions by native functionality along eight categories of features: 1) risk categorization with a library of KPIs and scoring; 2) risk analysis with built-in data feeds and analysis; 3) compliance workflows with built-in policy and procedure management; 4) compliance filing/approval with signature capabilities; 5) performance measurement with KPI libraries and stakeholder surveys; 6) performance reporting with a spend-analysis interface; 7) incident remediation with alerts and root-cause analysis; and 8) incident prevention with incident prediction value estimation.

Forrester defines spend analysis solutions by native functionality along key categories of functionality: aggregate and import raw accounting data from internal and external systems, cleanse erroneous information and tie back to financials, transform and standardize terms across suppliers, currencies and languages, analyze cost-saving opportunities, and refine data and track changes.

¹¹ Geographies include North America, Central/South America, Western Europe, Eastern Europe, Australia/New Zealand, rest of Asia Pacific, Middle East, and Africa.

¹² The growth in Oracle Fusion Applications is coming mostly from sales to existing Oracle clients of one or several Oracle Fusion Applications modules. See the February 11, 2013, [“Oracle’s Dilemma: Applications Unlimited Versus Oracle Fusion Applications”](#) report.

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