

## IDC MarketScape

# IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Payable Applications 2019 Vendor Assessment

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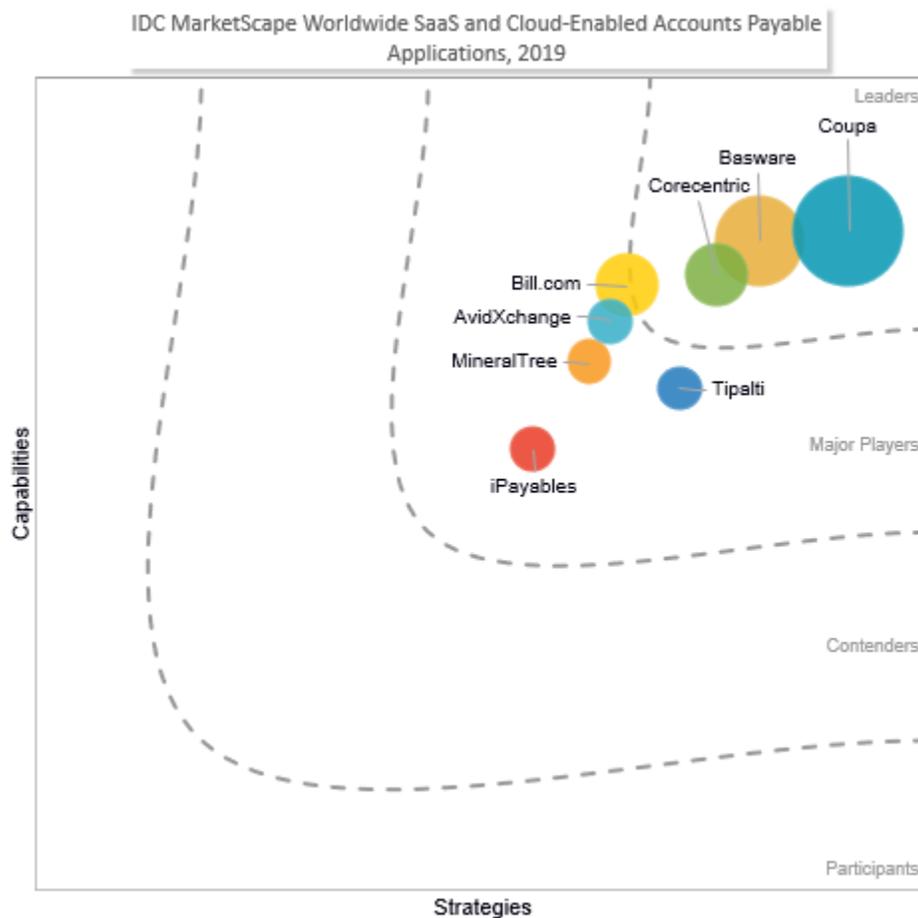
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THIS IDC MARKETSCAPE EXCERPT FEATURES BASWARE

### IDC MARKETSCAPE FIGURE

FIGURE 1

## IDC MarketScape Worldwide SaaS and Cloud-Enabled Accounts Payable Applications Vendor Assessment



Source: IDC, 2019

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

## IN THIS EXCERPT

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The content for this excerpt was taken directly IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Payable Applications 2019 Vendor Assessment (Doc # US44753119). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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### Digital Transformation Driving Change

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

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

Instead of continuing to invest in antiquated on-premises systems, leading DX businesses have turned their focus to software as a service (SaaS) and cloud-enabled software because they need flexible and agile financial applications that are relatively easy to implement, configure, and update. As a result, the demand for cloud-based accounting applications (accounts receivable [AR] and accounts payable [AP]) continues to grow because of the ability of these applications to access and analyze massive amounts of data in near real time. With speed and scale as guiding factors to winning business globally, businesses want and need more from their accounting applications than ever before, and that includes using the most up-to-date and advanced systems found in the market. SaaS and cloud-enabled accounting applications enable growing businesses to be more agile and responsive to rapidly changing business dynamics. SaaS and cloud-enabled systems are adaptive to dynamic regulatory and reporting environments, which is why this IDC MarketScape for accounts payable applications is extremely important as a technology vendor guide for today's CFO, the financial team, and IT buyers.

### Accounts Payable

Every business has to manage two essential money functions: money coming in (sales revenue/accounts receivable) and money going out (accounts payable). In today's fast-paced global business environment, successfully managing the accounts payable process is essential. Moreover, as the digital economy continues to develop, the AP function will play a larger forward-facing role: interacting with clients and customers as part of the digital value chain. As such, the AP function impacts your customer's experience with your brand. The accounts payable function can be complex and fraught with inefficiencies for companies of all sizes. During our interactions with AP professionals, the following issues were top of mind:

- **Manual processes:** Today, there are still thousands of companies of all sizes with overly manual and complex AP workflows. As a result, these processes become exceedingly inefficient (consuming precious resources and returning delayed approvals), with a multitude of errors and limited fraud detection capabilities. Moreover, manually driven processes within AP can lead to inflexibility and a lack of agility, which can be extremely harmful to a company's ability to maneuver in the increasingly dynamic digital economy.
- **Visibility issues:** AP managers are constantly being forced to retrace their steps in effort to find lost invoices, digitize paper invoices, and/or verify previous AP transactions. This leads to AP resources looking backward at past transactions instead of looking forward, which negatively impacts the company's efficiency and effectiveness.
- **Resource restraints:** In many growing companies, AP professionals are being asked to process greater transaction volumes with the same resources. This, especially in the case of fast-growing companies, puts an unbelievable strain on the bandwidth of AP professionals. This can often lead to heightened chances for errors, missed invoices, miscommunication, and supplier issues.
- **Lost discounts:** Companies with inefficient AP processes often lose opportunities to take advantage of early payment discounts. These discounts can positively impact the organization's cash flow and represent an opportunity for the AP function to contribute directly to the company's bottom line.

### *The Role of Technology in AP*

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

- Purchase orders (POs; standard PO, contract PO, blanket PO, and planned PO)
- Suppliers and vendors invoices (invoice creation and customization)
- Contracts and statement of work (contract life-cycle management)
- Agreements with vendors and independent contractors (vendor relations and compliance)
- Discounts (2% in 10 days, Net 30, etc.)

AP workflows are quickly changing as part of digital transformation initiatives. This shift will also bring forth a new chapter in the evolving story of AP software applications. This is a new chapter within AP software applications, which will be characterized by the following:

- **AP robots:** Robotic process automation (RPA) is a technology tool that is driving digital transformation for AP workflows. With RPA, AP managers are better able to cope with the demands of forecasting, error reconciliation, approval/exception resolution, and data reporting.
- **Machine learning.** Recently, companies have turned to structured machine learning to speed up/streamline key financial processes, including AP automation, invoice reconciliation, and tax compliance. In addition, early adopters of machine learning have been able to eliminate a large amount of time spent on manual tasking while decreasing the error rates.
- **Embedded intelligence:** Roughly 80% of today's AP professionals' time is spent on lower-level tasks such as manually process enterprise invoices and invoice matching. Artificial intelligence is being used to automate many of these lower-level tasks – freeing up valuable organizational resources to focus on higher-level strategic tasks.
- **Optical character recognition (OCR):** One of the major pain points for AP managers is dealing with the mountain of paper invoices. It can be tedious and time consuming to enter those invoices manually. Also, the information on those invoices can be used (if efficiently

processed) to drive real cash flow and forecasting insights. OCR is being used by businesses to capture the value information left on invoices and streamline the process.

- **Blockchain:** It is still early days for blockchain within AP applications; there is a lot of resource and energy being put into the exploration of blockchain.
- **Cryptocurrency:** Currently, there is a rapidly growing number of vendors accepting cryptocurrency payments, which carries the potential to profoundly impact the AP process.

The goal of this document is to provide potential software customers with a list of AP software companies that have taken great strides to address the previously listed challenges. We have profiled and assessed their capabilities to support the complicated area of accounts payable.

## IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

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The vendor inclusion list for this document was selected to accurately depict the vendors that are most representative of any given AP functional buyer's selection list. Vendors were further investigated to ensure that their offerings qualified as "SaaS or cloud enabled," and the vendor had won recent deals. Also, the companies included must be standalone software vendors. Specifically, AP software must be able to be purchased and implemented separate from other financial software. The software packages had to possess core AP functionality including invoice entry, payment capabilities, vendor management capabilities, and reporting capabilities. Preference was given to companies with revenue of more than \$50 million and/or that were on our watch list of companies within this market.

## ADVICE FOR TECHNOLOGY BUYERS

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

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

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

Before making purchasing decisions on SaaS and cloud-enabled accounts payable software, businesses should consider the following questions:

- Levels of experience successfully implementing financial solutions: Does the vendor have experience with my type of product, service, and company size?
- Is the vendor knowledgeable about financial regulations and guidelines both locally and globally as they affect my company?

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

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

## VENDOR SUMMARY PROFILES

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

### Basware

After a thorough evaluation of Basware's offerings and strategy, IDC has positioned the company in the Leader category of this IDC MarketScape for SaaS and cloud-enabled accounts payable applications.

Basware offers the largest open business network in the world and is the global leader in providing networked purchase-to-pay solutions, e-invoicing and innovative financing services. Basware's technology empowers organizations with 100% spend visibility by enabling the capture of all financial data across the procurement, finance, accounts payable, and accounts receivable functions. Basware is a global company doing business in more than 100 countries. Quick facts about Basware:

- **Employees:** 1,500+
- **Total number of clients:** 2,700+ customers
- **Globalization:** Supports sales in over 100 countries and 25 languages
- **Industry focus:** All verticals
- **Ideal customer size:** Midmarket (firms with 500+ employees) to enterprise (firms with 1,000+ employees)
- **SaaS:** A multitenant deployment at the application, database, and cloud infrastructure layers
- **Pricing model:** License fees charged as annual subscription fees based on application type and number of transactions
- **Largest customer:** Multiple customers with over 10,000 users
- **Partner ecosystem:** 100+ organizations in its partner networks with integrations to 250+ ERP systems
- **Interesting stat/fact:** Traded on the Helsinki Stock Exchange (BAS1V: HE)

### **Strengths**

- **Technology platform:** Basware has invested a tremendous amount of resources toward innovation. Basware is leveraging machine learning to automate non-PO invoices. Basware offers an intelligent algorithm to identify invoices that are at risk of late payment. Basware is leveraging user data to create specific benchmarks e-invoice rate, spend under control, percentage automatically matched, percentage paid on time, and percentage touchless processing so that companies can see how they compare against top performers.
- **Integration:** Basware's strengths of integration to 250+ different ERP systems and financial-driven focus have enabled organizations to improve working capital while aiding accounts payable and procurement professionals.

### **Challenges**

- **Customer support:** Basware references wanted faster response times for help tickets and a quicker resolution to those tickets. Basware, during discussions with their executives, is devoting additional resources to its customer support operation.
- **Global market presence:** Basware has a significant presence across Europe and is working to expand its global market presence within the rapidly growing regional markets of Latin America and Asia/Pacific. In addition, Basware has had some success in the U.S. market as it represents the company's fastest-growing market outside of Europe.

### **Consider Basware When**

Consider Basware when you are looking for an AP automation platform that is capable of handling complex, global organizations with multiple ERP systems and a variety of invoice types (not just indirect but direct, services invoices, logistics invoices, etc.). You may want to consider Basware if you are looking for a company with expertise in the complex European payables market.

## **APPENDIX**

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### **Reading an IDC MarketScape Graph**

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

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

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

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

## **IDC MarketScape Methodology**

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

## **Market Definition**

Financial applications are designed to support accounting, financial, and treasury and risk management functions. The financial and accounting submarket is discussed in the section that follows.

### ***Financial and Accounting***

Accounting software supports general financial management business processes such as accounts payable, accounts receivable, general ledger, and fixed asset accounting, as well as more specialized functions such as credit and collections management and automation, dispute resolution, expense management, lease management, project accounting and costing, tax and revenue management and reporting, nonprofit fund accounting, point of sale, and transactional financial reporting and business intelligence embedded into accounting applications. Financial and accounting solutions are used by individuals to manage personal finances and small businesses, as well as by organizations of all sizes to manage organizational finances.

## LEARN MORE

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### Related Research

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

### Synopsis

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

"AP workflows are quickly changing as part of digital transformation initiatives. AP are rapidly adopting new technologies to cope with the new market dynamics. As digital transformation continues to evolve within AP functions, the importance of machine learning, big data and analytics, and even blockchain will increase rapidly," said Kevin M. Permenter, senior research analyst, Enterprise Applications.

## About IDC

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

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