

IDC MarketScape

IDC MarketScape: Worldwide SaaS and Cloud-Enabled Midmarket Finance and Accounting Applications 2020 Vendor Assessment

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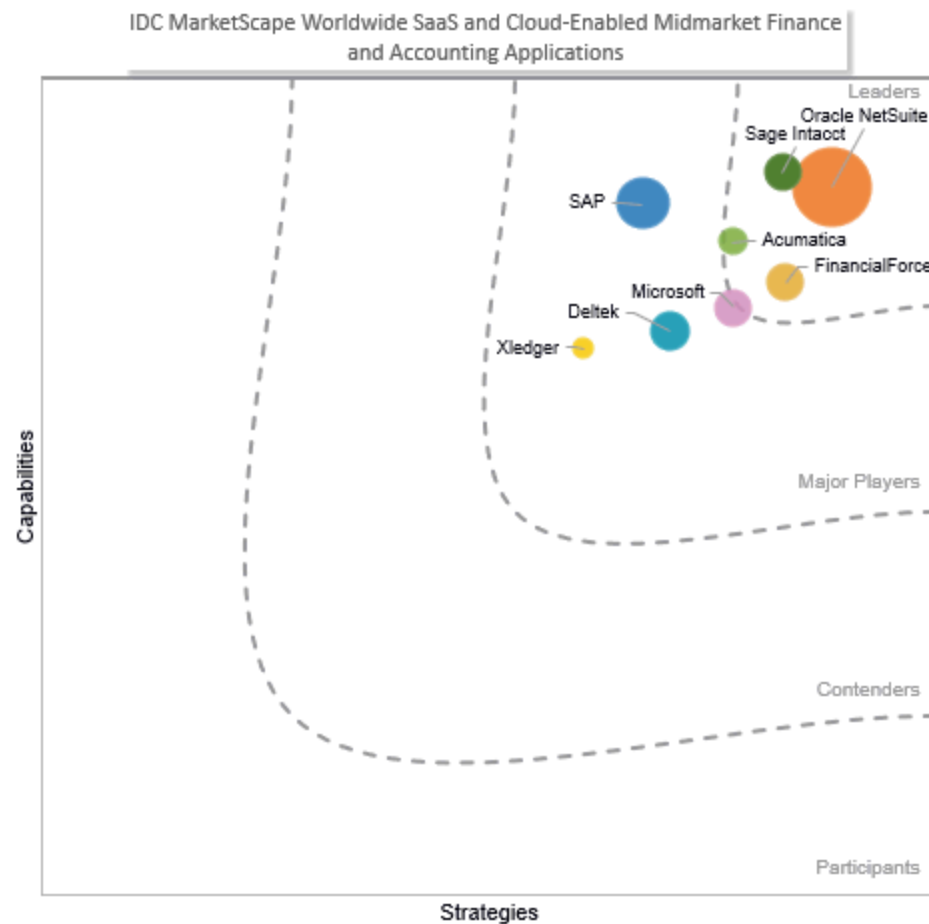
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IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SaaS and Cloud-Enabled Midmarket Finance and Accounting Applications Vendor Assessment



Source: IDC, 2020

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

IDC OPINION

Midmarket financial application vendors have made great strides over the past year, increasing the visibility and transparency of financial workflows. As a result, organizations are more agile than in previous years, and the profile of the CFO is also, in turn, becoming more strategic. Still, accounting organizations are inherently looking backward, examining transactions once they have been made and detailing the impacts of decisions made in years/quarters/months past. More and more, CFOs are being asked to take the data from current transactions and use it to forecast and predict the future. Today's CFOs are being asked to anticipate their business market and competitive landscape changes and forecast their organization's outcomes.

Change Is the Only Constant in Financial Applications

As always, core financial applications are the foundation of business. However, today's financial applications are being pushed to provide more than a system of record for financial transactions and other financial events. Today's financial applications are being asked to support evolving business models, shifting regulations, changing deployment models, converging workflows, and the emergence of digital business:

- **Evolving business models:** Subscription business models are set to grow rapidly in the coming years in nearly every sector. However, the greatest challenge for financial applications comes from the rapid rise of mixed/hybrid business models (i.e., traditional and subscription based). More and more, companies are operating mixed business models that offer both products and services in a traditional as well as a recurring model. For example, a software-as-a-service (SaaS) software vendor (e.g., Red Hat or Adobe) may also sell professional services/consulting. Lately, some of the larger consulting companies (e.g., EY and Deloitte) are offering software applications in addition to their consulting services. Many hardware companies (e.g., Apple and Nest) are offering software solutions that run on top of their hardware.
- **Shifting regulations:** There have been major shifts in core regulations impacting financial workflows. For example, ASC 606 has been the source of a tremendous amount of angst and anxiety since its announcement by the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board that went into effect in 2018. Also, in 2018, the *South Dakota v. Wayfair* ruling allowed states the ability to require retailers to collect sales tax on online purchases, even if the selling company doesn't have a physical presence in the buyer's state of residence. This latter ruling greatly complicated the compliance workflow for many retailers.
- **Changing deployment models:** Financial application vendors are investing more and more resources in building out the functionality of their cloud software. This includes investment in infrastructure functionalities such as databases, service-level agreements (SLAs), and microservices. Also, financial applications vendors are working diligently to support their sales teams and implementation partners with customer evaluation tools to facilitate the transition to the cloud.
- **Convergence of workflows:** The traditionally siloed nature of financial functions within an organization, such as accounts receivable, expense management, tax management, treasury management, and accounts payable, is rapidly changing. In the coming years, we will see

these walls break down, allowing for more coordination, collaboration, and communication among these financial functions. As such, decision makers will have a much more holistic view of the company's financial position to make better strategic decisions.

- **Emergence of digital business:** As organizations move into the digital economy, focused on digital transformation initiatives, the function of finance is turning to advanced technologies to enable its evolution. Fueled by the enormous amount of waste and inefficiency within the finance workstreams, the CFO requires more advanced and innovative technology. Vendors are supporting digital transformation with new use cases that financial applications leverage, with technologies such as big data/analytics and machine learning to bring more actionable insights across a broader workstream.

The ground underneath the feet of today's financial professional is rapidly shifting to digital. It will be the companies with the right mix of talent and software tools that will be best able to thrive in these changing conditions. Software vendors that prioritize features that provide/enhance visibility, flexibility, and agility will find themselves well positioned for future growth.

The Midmarket Dilemma

Midmarket companies (100-999 employees) have a unique dilemma. They have much of the complexity of larger enterprise businesses as many of them are selling products and services globally; midmarket companies encounter all the same issues related to global complexity (i.e., currency issues, localization issues, shifting customs, and tax regulations). However, midmarket companies are often forced to cope with these issues with fewer resources than larger businesses. This dilemma drives midmarket companies in their quest for features and functionalities that are critical to their business needs. As a result, midmarket companies have developed a core set of requirements as it relates to their accounting software:

- **More focus on vertical markets:** Many midmarket companies tend to specialize in serving one customer group; often coalescing around a vertical (i.e., professional services) or micro-vertical (i.e., wealth management). Those midmarket companies are looking for financial applications with a deep reservoir of functionality related to their chosen vertical market. While certain financial processes are common among all industries, there are industries like public schools, healthcare/pharma, government, and nonprofit or service organizations where business processes and reporting requirements differ greatly.
- **More emphasis on ecosystem:** Midmarket businesses often use a partnering strategy to drive growth. This often means more complicated transactions and partner interactions. This places greater emphasis on the accounts receivable and accounts payable capabilities within their accounting software. Also, a partnering strategy places more emphasis on the software's capability to connect to other point solutions – both internal and external. As a result, it is essential for midmarket accounting software vendors to provide robust APIs to streamline the data flow between systems.
- **Better user experience (UX):** User experience is becoming a major point of differentiation for midmarket software purchases. Simpler and easy-to-use user interfaces, more configuration/flexibility, mobile functionality, increased automation, and even implementation processes will factor into the overall user experience with the software. In fact, data from IDC's most recent *SaaSPath Survey* of over 2,000 survey respondents reveal that "ease of use" is the most important vendor selection criteria among finance applications users of all sizes.
- **More agility through collaboration:** Agility is core for midmarket companies as it is often one of their most reliable advantages over larger competitors. A large portion of that agility comes from collaboration capabilities. Companies are utilizing real-time collaboration aspects of more

modern cloud-based accounting software solutions to share access to critical sales and operational data with teammates. With this technology-driven collaboration in place, companies can more effectively respond to market changes quickly – essential for a midmarket company competing with larger firms.

- **Demand for greater process controls:** In contrast to smaller companies, midmarket companies are large enough to have dedicated job roles and departments. As a result, many of them are looking for a full suite of process workflows and process controls. The ability to tailor the employee's user interface to only necessary information is critically important for midmarket companies.

The finance and accounting software market for midmarket companies is attracting much attention from industry competitors and industry investors. As a result, software players are fervently looking to develop the right blend of functionality, pricing, and customer support to be profitable and thrive within the midmarket. This strategy also helps the vendors stay with the organization as it grows into a larger enterprise.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

The vendor inclusion list for this document was selected to accurately depict the vendors that are most representative of any given finance and accounting functional buyer's selection list based on the following:

- Vendors were investigated to ensure that their offerings were qualified as "SaaS" or "cloud enabled" and that the vendor had won recent deals within the relevant customer segment.
- Finance and accounting software must be able to be purchased and implemented separately from other associated operational/enterprise resource planning (ERP) software.
- Incoming IDC inquiries are related to finance and accounting software.
- Vendors were asked to name which other vendors they most often compete against in deals.

ADVICE FOR TECHNOLOGY BUYERS

The process of moving from a paper-based or Excel-based business accounting operational model can be a challenging one. It is important to structure your accounting process to be more efficient and agile to cope with the ever-changing compliance and business demands. The following are a few key steps in the journey toward optimizing your financial operation through the addition of an advanced software package like the ones listed in this document:

- **Begin by looking inward.** Before you choose your accounting software vendor, you should first take the opportunity to do some self-reflection. Here are a few key questions to ask regarding the internal resources and processes:
 - What are some of the issues I would like to resolve with this new system?
 - Are the issues technology related?
 - What are my internal support resources and capabilities?
 - How should we define success for this implementation?
 - Which internal stakeholders should we include in the evaluation processes?
 - How will a new system change my organization?

- **Select the right partners (internal and external).** The first step in the journey to successful implementation of financial software is developing a strategy and plan for the implementation. This includes doing the due diligence in finding the right financial application vendor. Here are a few key questions to ask regarding the financial application vendor:
 - Does the vendor have experience with my type of product, service, and company size?
 - Can the vendor show me a hands-on demo with my organization's "live/real" data to show the benefit to the business?
 - 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 is the vendor's strategic investment outlook for the next three to five years? Why? How will that change and enhance my business?
- **Take ownership of the implementation.** For the best results, organizations must take a very active role in the actual implementation of the software. Financial software touches upon a lot of other back-office systems (i.e., HCM, supply chain, inventory). As a result, extreme attention must be given to how the system is set up and how it interacts with other systems within your organization. Here are a few key questions to ask regarding the financial applications implementations:
 - What levels of support are available, and are they geographically available for my business?
 - How should I set up the service-level agreement before signing any contracts?
 - Can the financial software integrate with my company's other IT systems and those of my partners?
 - Which IT system needs to be integrated and to what degree?
 - How are we set up to deal with frequent product updates?
- **Recognize that post-implementation is critical.** In many ways, the success of any SaaS implementation hinges on what happens after the implementation is up and running. This is where change management takes center stage and the people side of financial management becomes essential. Here are a few key questions to ask regarding the post-go-live phase of financial application implementations:
 - Do we have a strategy to encourage rapid adoption among treasury employees?
 - Do we have the right amount of training for employees to master the new features within the finance system?
 - Are we communicating the purpose and benefits of the system change to the financial employees?
 - Have we aligned existing policies and procedures to enable the adoption of the new workflows?

This IDC MarketScape vendor assessment assists in answering the aforementioned questions and others. The goal of this document is to provide potential software customers with a list of small business finance and accounting software companies that have taken great strides to incorporate the previously listed capabilities. We have profiled and assessed their capabilities to support the complicated area of finance and accounting software.

VENDOR SUMMARY PROFILES

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

Acumatica

After a thorough evaluation of Acumatica's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2020 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

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

- **Employees:** 300+
- **Total number of clients:** 6,500+
- **Globalization:** Supports sales in 21 localizations in 23 countries
- **Industry focus:** Primarily professional services, manufacturing, distribution, and construction
- **Ideal customer size:** Midmarket (100-1,000 employees)
- **SaaS:** A multitenant architecture at the infrastructure and application layers
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Over 250 VARs

Strengths

- **Innovation:** Acumatica has continued its investment in machine learning, natural language processing, and mobile technology, which allows customers access to these technologies for supporting their financial workflows.
- **Industry focus:** Acumatica continues to add more functionality and features to its industry-focused editions. The latest release, Acumatica 2020 R1, added even more capabilities for the distribution, commerce, and manufacturing editions.

Challenges

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

Consider Company When

Consider Acumatica when you are looking for a straightforward financial application that can be configured to fit your business.

Deltek

After a thorough evaluation of Deltek's strategies and capabilities, IDC has positioned the company in the Major Players category in this 2020 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

Deltek is a global provider of enterprise software and solutions for project-based businesses. To date, Deltek counts over 30,000 organizations as customers, with millions of users in over 80 countries. Businesses around the world use Deltek to research and identify opportunities, win new business, recruit and develop talent, optimize resources, streamline operations, and deliver more profitable projects. Quick facts about Deltek:

- **Employees:** 3,000+
- **Total number of clients:** 30,000+
- **Globalization:** Deltek users in over 80 countries
- **Industry focus:** Government contracting, professional services, management consulting, architecture, engineering, and advertising agencies
- **SaaS:** Offered in a cloud deployment model
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Over 100 partner companies

Strengths

- **Project-centric software:** All of Deltek's solutions are geared toward some aspect of the broad professional service/project-centric vertical market, are kept up to date with compliance features, have insightful analytics and provide a social and collaborative platform to help companies' measure employee engagement, help project teams get things done faster, and are available on premises or in the cloud.
- **Industry-specific functionality:** Deltek offers a deep well of industry-level expertise. In fact, Deltek offers separate solutions for various professional service industries. Deltek Vantagepoint is a solution built specifically for management consulting and A&E firms. Deltek WorkBook is an agency management solution targeted at advertising and marketing agencies. Deltek Costpoint targets the government contractor segment of professional services.

Challenges

- **Addition by acquisition:** Many of the products in Deltek's portfolio were formed by acquisition. Deltek has a large number of offerings that serve different vertical industries and provide varying functionality. At times, customers have a hard time comparing the products side by side to understand each product's respective strengths and weaknesses.
- **Investment in AI:** Deltek has yet to fully integrate artificial intelligence in its solutions to drive intelligent workflows and automation. However, discussion with product management reveals that Deltek is actively moving in this direction and already has included AI in its near-term road map.

Consider Company When

Consider Deltek when you are looking for a solution specifically tailored to meet demands of a professional service subsector like advertising, government contracting, architecture/engineering, or consulting.

FinancialForce

After a thorough evaluation of FinancialForce's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2020 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

Founded in 2009 and headquartered in San Francisco, FinancialForce is a provider of midmarket ERP and financial management software developed natively on the Salesforce Force.com platform. FinancialForce is a pure-play SaaS vendor. FinancialForce offers functional applications for financial management, professional services automation, billing and subscription billing, and revenue management. The company positions itself as an ERP solution for digital and services-centric businesses that want their CRM and ERP to run on a single (Salesforce) platform. Since FinancialForce is built on the Salesforce platform, all FinancialForce applications are tightly integrated with Salesforce's CRM data. Quick facts about FinancialForce:

- **Employees:** 660+
- **Total number of clients:** 1,500+
- **Globalization:** Support customers in 34+ countries
- **Industry focus:** Professional and business services, SaaS and software, IT, hi-tech, nonprofit, media and entertainment, healthcare, and IT services
- **SaaS:** Offered in a multitenant deployment at the application, database, and cloud infrastructure layers
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Over 20+ SI/partner companies

Strengths

- **Tight integration with Salesforce CRM:** Since FinancialForce is built on the Salesforce platform, all FinancialForce applications are tightly integrated with Salesforce's CRM data. As a result, users are able to gather data from both the front end (sales) and the back end (financials) of their business.
- **Financial analytics and reporting:** FinancialForce offers user the opportunity to dive deeper into their business data with the introduction of business analytics and financial reporting powered by Salesforce.com's Einstein artificial intelligence solution.

Challenges

- **Localizations:** FinancialForce is still working to build out more localization capabilities. These localization capabilities including language, multicurrency, and tax compliance are important for multinational midmarket organizations. Discussions with product management reveal that efforts to bolster their localization capabilities are on their near-term road map.
- **Salesforce platform:** Some customers mentioned that working on the Force.com platform can be limiting when connecting the FinancialForce solution to other product outside of the Salesforce.com platform. FinancialForce has made a large investment into building out their APIs to accommodate streamlined connectivity.

Consider Company When

Consider FinancialForce when you are a midmarket company that is already a user of Salesforce.com for CRM and you are interested in a financial application that seamlessly ties into your CRM.

Microsoft

After a thorough evaluation of Microsoft's strategies and capabilities, IDC has positioned the company in the Major Players category in this 2019 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

Dynamics 365 provides centralized, global financial management solution that delivers financial intelligence and embedded analytics in real time. Dynamics 365 allows users to register financial transactions, manage relationships between subsidiaries and the parent organization, manage internal cost accounting, currency translation, and reports in any supported currency. It supports global and local business requirements and regulatory compliance across 37 countries and 42 languages and offers simple and optimized processes that delivers efficiency and compliance at global scale.

Dynamics 365 is built on a single technology platform with a single UX strategy on a single code line across the breadth of the Microsoft stack offerings that provide customers and partners a single user experience, single development environment, and single toolsets for rapid deployment of new capabilities. The One Version service delivery eliminates costly, timely, and resource-consuming upgrades that are a major pain point in traditional ERP systems; it empowers customers to leverage the most current capabilities to innovate and stay competitive. Quick facts about Microsoft:

- **Employees:** 148,000 (all Microsoft)
- **Globalization:** Supports customers across 37 countries and 42 languages
- **Industry focus:** Retail, manufacturing, consumer goods, service industries, and public sector
- **SaaS:** Microsoft Dynamics 365 that is multitenant on the application, database, and infrastructure layers
- **Pricing model:** Subscription-based pricing based on number of users
- **Partner ecosystem:** 400+ ISV solutions and 1,000+ ISV and partners

Strengths

- **Single technology platform:** Dynamics 365 is built on a single technology platform with a single UX strategy on a single code line across the breadth of the Microsoft stack offerings that provides customers and partners a single user experience, single development environment, and single low-code development platform for rapid deployment of new capabilities.
- **Investment in innovation:** Microsoft Dynamics 365 Finance also drives Microsoft's digital transformation enablement for customers, with intelligent-embedded analytics with Power BI and Microsoft AI. Dynamics 365 for Finance and Operations brings together machine learning, intelligence analytics, AI and cognitive services, and big data directly into financial processes.

Challenges

- **Customer service support:** Several references noted that issue ticket response time is slow and in need of a more agile and responsive customer support team. The first level of response does not get to the heart of issues and usually takes a solution engineer, which takes a very long time to connect. Microsoft is focused on providing additional self-service and monitoring capabilities to minimize ticket response times.
- **Overcoming status quo:** Microsoft, like many others in this market, is constantly forced to overcome the "do nothing" within many user organizations. For those organizations that still use legacy solutions, decision makers need to fully understand the benefits of shifting to the

cloud. For those with an incumbent solution, the perceived pain of removing the solution and implementing a new one needs to be overcome by the benefits that a new solution will deliver.

Consider Company When

Consider Microsoft when you are a company in retail, manufacturing, or service industries interested in financial solution with a heavy investment in big data/analytics/AI and a solution with a broad partner ecosystem.

Oracle NetSuite

After a thorough evaluation of Oracle NetSuite's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2020 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

Oracle NetSuite is a global business unit of Oracle and pioneered the cloud computing revolution in 1998, establishing the world's first company dedicated to delivering business applications over the internet. Today, Oracle NetSuite provides a suite of cloud-based financials/enterprise resource planning (ERP), HR, PSA, and omni-channel commerce software that runs businesses around the world. NetSuite's Financial Management module includes features for general accounting, billing, financial planning/reporting, revenue recognition, consolidation, and GRC. Quick facts about Oracle NetSuite:

- **Employees:** 10,000+ (IDC estimate)
- **Total number of clients:** 20,000+
- **Globalization:** Supports customers in 27+ languages in 200+ countries
- **Industry focus:** Software, professional services, nonprofit, advertising, media, publishing, manufacturing, distribution, and retail
- **SaaS:** Offered in a multitenant deployment at the application, database, and cloud infrastructure layers
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Over 800 partner companies

Strengths

- **Enhanced tax capability:** Oracle NetSuite's SuiteTax module offers a wide breadth of functionality for global end users including localization capabilities for over 200 countries. The solution provides a native tax engine and covers both direct and indirect tax such as value-added tax (VAT), goods and services tax (GST), or sales and use tax. Oracle NetSuite's SuiteTax module is one of the most comprehensive among the large financial applications providers.
- **Implementation methodology:** Oracle NetSuite is packaged in industry vertical use cases with best practices specific to that industry. This go-to-market strategy is called SuiteSuccess. Oracle NetSuite's SuiteSuccess has demonstrated the ability to get customers up and running in 90 days or fewer with less than 5% of implementations requiring a charge order.
- **Single platform:** NetSuite runs on a single SaaS platform, with a single code line, and all customers are on the same version of the product. Because NetSuite is a single platform, customers have one source for customer information across the platform.

Challenges

- **Limited use of AI:** Oracle NetSuite has not yet fully implemented machine learning as a part of its financial application. This limits the end user's ability to automate lower-level tasks like transaction mapping, account reconciliation, and intercompany transactions. NetSuite has released initial AI/machine learning capabilities specifically in the areas of account reconciliation and matching and supply chain and SuiteAnalytics, and Oracle NetSuite is further developing AI and machine learning functionality for release in upcoming versions.
- **More mobile functionality:** Customer references mentioned they would like to see more mobile functionality within the Oracle NetSuite solution especially as it relates to expense management and invoice management. This issue, based on the executive briefing, is on the near-term product development road map.

Consider Company When

Consider NetSuite when you are a rapidly growing organization with increasingly complex business management global business needs.

Sage Intacct

After a thorough evaluation of Sage Intacct's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2020 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

Sage Intacct, headquartered in San Jose, California, is a cloud financial management software solution provider. Sage Intacct sells through direct and channel sales to end-user organizations. Sage Intacct software is suitable for companies of all sizes with an emphasis on medium-sized businesses. Quick facts about Sage Intacct:

- **Employees:** 750+
- **Total number of clients:** 5,200+
- **Globalization:** Supports customers in 20+ countries
- **Industry focus:** Software, nonprofits, professional services, financial services, healthcare, hospitality, wholesale distribution, and general business
- **SaaS:** Offered in a multitenant deployment at the application, database, and cloud infrastructure layers
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Over 600 partner companies

Strengths

- **Built for finance professionals by finance experts:** Sage Intacct meets the needs of finance professionals as a core aspect of their software development process, which is exemplified by its long-standing relationship to the American Institute of Certified Public Accountants (AICPA). Sage Intacct also has a dedicated accountant's program, and it has seeded its workforce with CPAs and individuals with deep accounting experience.
- **Micro-vertical focus:** Sage Intacct has taken steps to understand the needs of smaller market segments within larger industries. For example, nonprofits break down further into non-governmental organizations (NGOs) versus faith-based organizations. This micro-vertical strategy has the potential to drive a deeper connection between the customer and the software.

Challenges

- **Globalization:** Sage Intacct even after the acquisition is still working continuously to focus on becoming a more global company. Sage launched Sage Intacct into Canada, Australia, and the United Kingdom in 2019, making it now available across all four major English-speaking markets. Executive briefings indicate that further geographic expansion continues to be on the near-term strategic road map.
- **Crowded midmarket:** There are a growing number of ERP software providers targeting the rapidly growing midmarket customer segment. Sage Intacct must compete against both larger legacy applications and smaller SaaS applications and even the common spreadsheet (on the lower end of the market).

Consider Company When

You are likely a fast-growing firm based in the United States, Canada, the United Kingdom, or Australia with an appreciation for subindustry expertise in industries like financial services, franchise businesses, healthcare, hospitality, nonprofits, professional services, software, and wholesale distribution.

SAP

After a thorough evaluation of SAP's offerings and capabilities, IDC has positioned the company in the Major Players category in this 2020 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

SAP offers an integrated business management software targeted at the midmarket user. SAP Business One features financial management, purchasing, sales, distribution, customer service management (CRM), inventory management, production, project management, and field service. Business One can be deployed as an on-premises solution or as a cloud solution. Quick facts about SAP:

- **Employees:** 94,000+ (SAP Overall)
- **Total number of clients:** 413,000 customers in more than 180 countries globally (SAP Overall)
- **Globalization:** Supports customers in 28 languages in 50 country localizations
- **Industry focus:** Automotive, consumer products, engineering, healthcare, retail, manufacturing, wholesale distribution, and high-tech
- **SaaS:** SAP Business One can be deployed as an on-premises solution or as a cloud solution
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Over 18,000 partner companies (SAP Overall)

Strengths

- **Manufacturing capabilities:** SAP Business One is particularly well suited for the midmarket companies with manufacturing-centric business models. SAP Business One provides deep functionality for manufacturing businesses including procurement, bill of materials, inventory management, and materials requirements planning.
- **Integrated approach:** SAP has a powerful financial package within its cloud ERP. However, SAP gives the user the option to amplify this power by leveraging SAP Ariba's massive network of suppliers, Fieldglass workforce management, and/or SAP Concur's market experience in expense management.

Challenges

- **Competing products:** SAP has multiple applications to address midmarket financial applications users including SAP ByDesign and even SAP S/4HANA cloud. With multiple applications, there is a risk of confusion among potential end users as to which system would best fit their needs. SAP is addressing this through its Intelligent Enterprise framework where guidance is provided on how to use the different capabilities in combination.
- **Support improvement:** Customer references mentioned customer support as an area where they wanted more capability – particularly with reducing wait times and decreasing time to issue resolution. This issue, based on the executive briefing, is a key area of investment in 2020 and beyond.

Consider SAP When

Consider SAP when you are likely already using SAP performance and access to the SAP ecosystem of product in a package more suited for midmarket demands.

Xledger

After a thorough evaluation of Xledger's strategies and capabilities, IDC has positioned the company in the Major Players category in this 2019 IDC MarketScape for the worldwide SaaS and cloud-enabled midmarket finance and accounting applications market.

Xledger provides its highly automated and unified cloud ERP solution to ambitious midmarket organizations around the world. Founded in 2000, Xledger Cloud ERP serves more than 10,000 customers and is endorsed by global audit firms KPMG, PwC, and BDO. From automated bank reconciliation to multiple reporting dimensions, Xledger supplies modern organizations with the finance management tools necessary to compete in the current business environment. Quick facts about Xledger:

- **Employees:** 100+
- **Total number of clients:** Servicing more than 10,000 customers
- **Globalization:** Supports customers across more than 60 countries
- **Industry focus:** Education, real estate, energy, professional services, and nonprofits
- **SaaS:** Offered in a multitenant deployment at the application, database, and cloud infrastructure layers
- **Pricing model:** Subscription based by module and user type
- **Partner ecosystem:** Prominent partners including KPMG, PwC, and BDO

Strengths

- **Multi-entity complexity:** Xledger is a solution that is built to handle multi-entity complexities. Owing to its architecture, organizations can quickly spin up new business units. This capability allows it to handle the particular challenges of the real estate market, which is one of its primary markets.
- **Deep set of analytical tools:** Xledger offers a deep set of analytics capabilities and tools that allow organization to quickly drill down to gather insights from multiple datasets. Xledger offers users the ability to quickly filter, sort, pivot, chart, analyze, and export data – all in one place.

Challenges

- **Crowded midmarket:** There are a growing number of ERP software providers targeting the rapidly growing midmarket customer segment. Further, there are an even greater number of companies (beyond ERPs) targeting professional services, which is one of the key sectors for Xledger. Xledger must continue to innovate and tout the values of multitenancy to differentiate itself from this growing list of competitors.
- **Brand awareness:** One of the biggest challenges for Xledger remains brand awareness. As a newer company, relative to the legacy ERP and financial application providers, there is more marketing and education that Xledger still needs to do to expand its market presence.

Consider Company When

Consider Xledger when you are a rapidly growing professional service business looking for a financial application that can be configured to fit your business.

APPENDIX

Reading an IDC MarketScape Graph

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

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

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

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

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

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 organizations of all sizes to manage organizational finances.

Strategies and Capabilities Criteria

Tables 1 and 2 provide key capability and strategy measures, respectively, for the success of SaaS and cloud-enabled finance and accounting software vendors.

TABLE 1

Key Capability Measures for Success: Worldwide SaaS and Cloud-Enabled Midmarket Finance and Accounting Applications

Capabilities Criteria	Definition	Weight (%)
Functionality or offering	This element speaks to the current breadth and depth of functionality of the product.	33.00
Range of services	The software demonstrates a level and range of support and tools provided by the vendor to support demands of clients.	20.00
Current innovation/design	The vendor has demonstrated current functionality driven by 3rd Platform technology and a modern design.	16.00
Customer satisfaction	The vendor has demonstrated a level of customer satisfaction in the form of high renewal rates and customer satisfaction ratings.	14.00
Customer service offering	The vendor has invested in the tools necessary to provide excellent customer service marked by high client satisfaction and retention.	10.00
Portfolio benefits	The system has the ability and infrastructure to scale up to meet the demands of larger or more complex businesses.	7.00
Total		100.00

Source: IDC, 2020

TABLE 2

Key Strategy Measures for Success: Worldwide SaaS and Cloud-Enabled Midmarket Finance and Accounting Applications

Strategies Criteria	Definition	Weight (%)
Innovation	A strategic plan exists for attaining or retaining functional superiority over competition. What is the release schedule for the next 12–18 months?	21.00
Delivery	Plans are in place for support of offering delivery models that will match customers' shifting preferences. These plans are effectively communicated to customer base.	16.00
Functionality or offering strategy	It speaks to the breadth and depth of plans for future (near-term) release functionality of the product.	40.00
Growth	Buyers in different vertical industries and of various client sizes are interested in investment in treasury solutions that service their unique needs. Excellence is demonstrated by plans to serve new markets or specific industries. Successful firms have an eye toward and well-articulated plans for how they will grow the firm in the future, through either acquisition or unique competitive positioning.	8.00
R&D pace/productivity	Modernization of APIs is currently underway. Multitenancy is planned for at the application, database, and infrastructure layers. The vendor has a strong strategy to improve its application's architecture, including its APIs, developer community, and integrations.	12.00
Other	The vendor is planning investment in supplemental/adjacent areas of capabilities relevant to the overall user experience.	3.00
Total		100.00

Source: IDC, 2020

LEARN MORE

Related Research

- *Market Analysis Perspective: Worldwide Financial Applications, 2019* (IDC #US45477119, September 2019)
- *Worldwide Financial Applications Forecast, 2019-2023: Advance Technologies Reshaping the Role of CFO* (IDC #US45122519, June 2019)
- *Worldwide Financial Applications Market Shares, 2018: Digital Transformation Reshaping Competitive Landscape* (IDC #US45122419, June 2019)
- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Receivable Applications 2019 Vendor Assessment* (IDC #US44754719, January 2019)
- *IDC Market Glance: Financial Applications, 4Q18* (IDC #US44539518, December 2018)

Synopsis

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

"Small businesses can grow rapidly. As a result, they need software that is both easy to use and capable of growing with their business as operations become more complex. Software vendors that can balance simplicity and functionality in a scalable package are well positioned to thrive in the small business sector," says Kevin M. Permenter, research manager, Enterprise Applications.

About IDC

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