

IDC MarketScape

IDC MarketScape: Worldwide Configure Price Quote Applications for Commerce 2020 Vendor Assessment

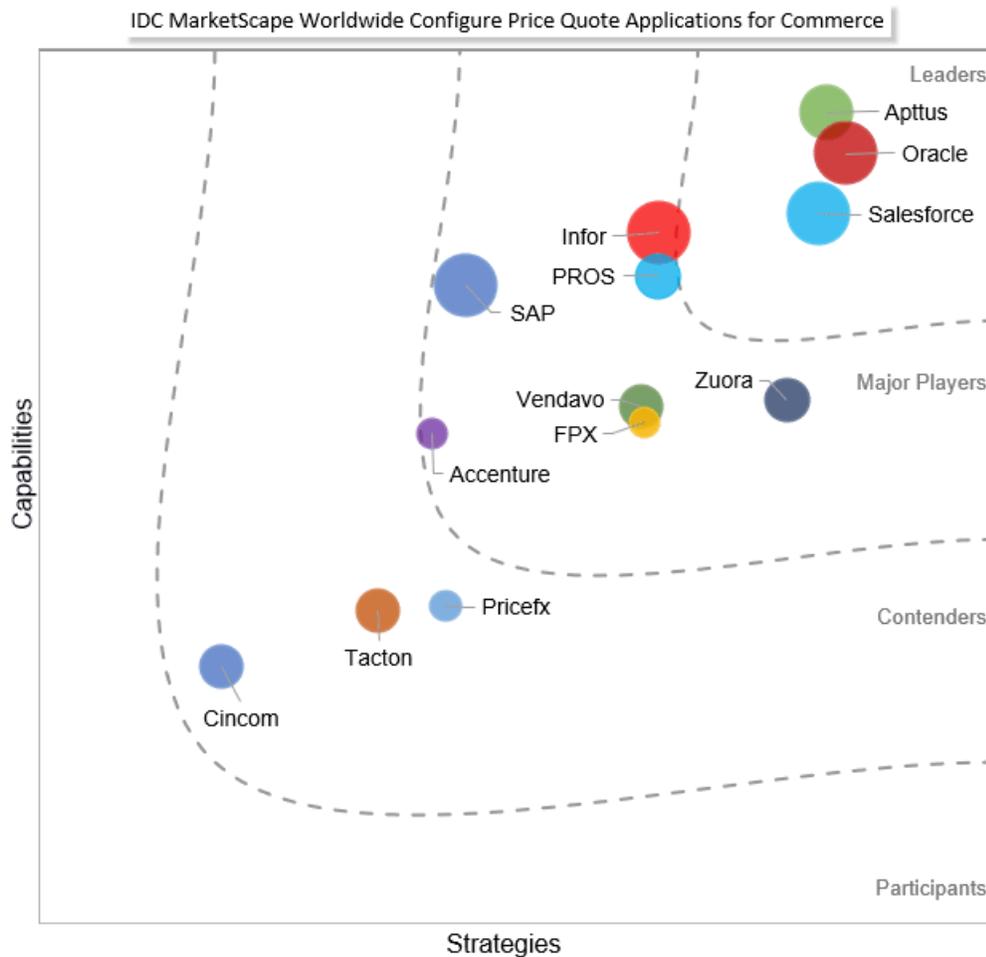
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IDC MARKETSCOPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Configure Price Quote Applications for Commerce Vendor Assessment



Source: IDC, 2020

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

IDC OPINION

Evolution of CPQ and B2B Commerce

Historically, B2B commerce has trailed B2C by about 5 to 10 years in maturity. Many business buyers have been subject to opaque, prolonged, and disconnected sales processes where their suppliers had to address each incoming order on an ad hoc basis. However, in the digital economy, B2B sellers are expected to deliver streamlined, curated, and engaging selling experience that rival the likes of Amazon. Configure price quote (CPQ) applications have long been known as a tool to assist sales reps sell the right product at the right time and for the right price, but modern B2B buyers are demanding more from CPQ applications.

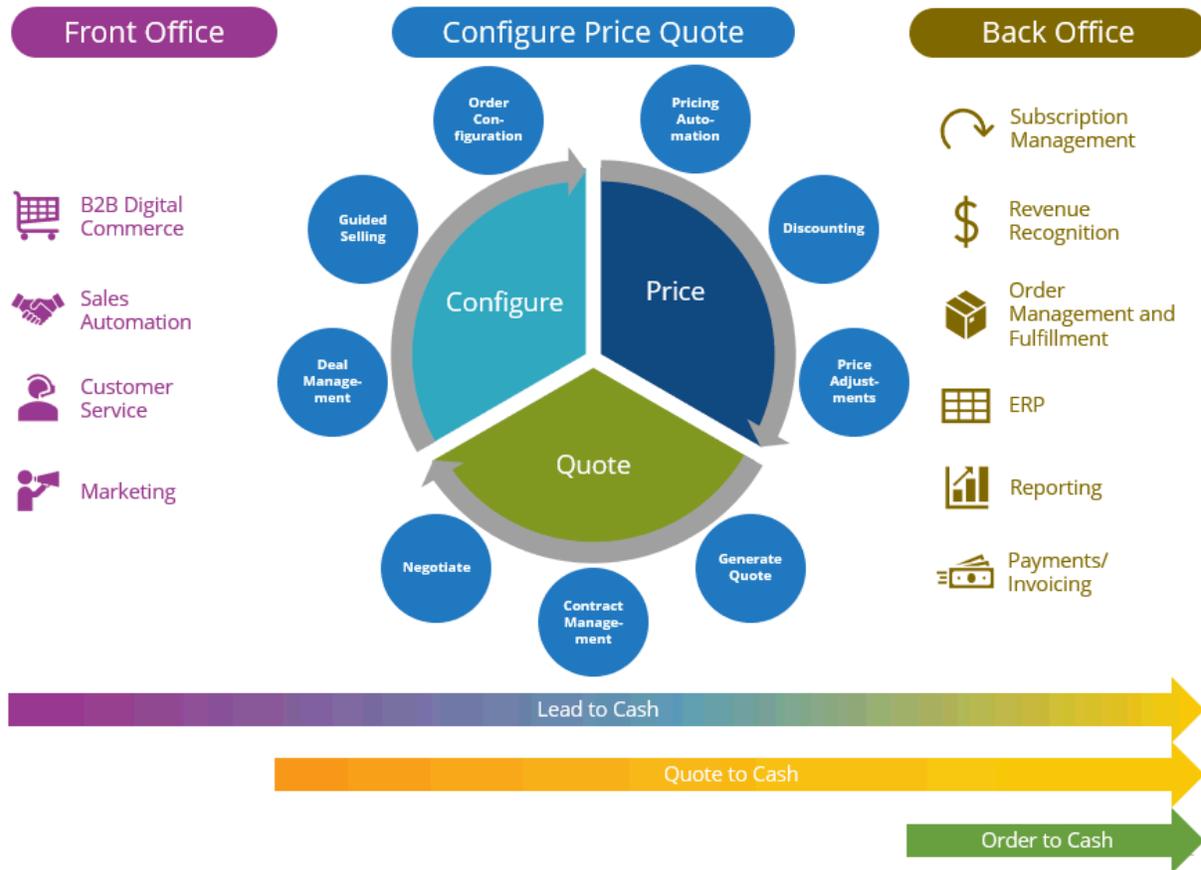
To satisfy the modern B2B buyer, CPQ applications must enable B2B sales, such as orders with hundreds of line items, subscriptions, and combinations of digital and physical products and services. CPQ applications must also support a wide range of business models, including traditional high-touch deals led by sales reps, collaborative quoting and selling, and self-service deals that can be checked out on the customer's mobile phone. This shift is fueled by heightened buyer expectations from consumer commerce. Technology vendors of CPQ have made strides toward delivering these heightened B2B digital commerce experiences, and SaaS applications have managed to drastically reduce the time to market and ease of upgrading CPQ offerings. This IDC MarketScape examines the capabilities and strategies that a CPQ vendor needs now, and in the future, to continue delivering leading B2B commerce experiences.

Characteristics of a Modern CPQ Application

CPQ applications provide significant operational efficiencies to B2B sellers by simplifying and shortening the time to quote new offerings, speeding up the approval process, automating complex back-office sales processes in the front office, and reducing costly pricing errors. The CPQ acts as an intermediary between the front office and back office, aligning a B2B company's sales force to financial results while significantly reducing friction. As a best practice, CPQ should be closely integrated into front-end systems such as the CRM as well as back-end systems such as the ERP to optimize sales, finance, and commerce. Figure 2 provides a graphical overview of CPQ applications and where they fit among the journey of an order.

FIGURE 2

Configure Price Quote: Optimizing Complex B2B Orders



Source: IDC, June 2020

Originally, CPQ was designed primarily for manufacturers that wanted to automate and streamline the pricing and quoting components when customers requested custom products. Today, IDC has witnessed a wide range of customers using CPQ applications in industries such as software, telecom, healthcare, and financial services. We expect this evolution to continue, as vendors approach this market from different adjacencies such as price optimization, contract management, and subscription management. IDC believes that the most successful vendors in the market are those that can address a variety of B2B digital commerce use cases. CPQ applications that achieve this provide the following functionalities and value propositions to B2B organizations:

- A configuration logic engine for the offering, standard and custom pricing, and quote tracking
- Reporting, so sales reps can easily create offers beneficial for both the customer and company
- A workflow engine so users can create, modify, send, and track quote documents in different formats
- Pre-integration with CRM, ERP, and other enterprise applications data to define and manage product catalogs including pricing and bundling of products/services

- Built-in analysis/reporting of the profitability of each offering based on financial rules, customer pricing, costs, and external factors like competitors, market changes, or laws and regulations
- The application should integrate directly with sales automation and customer service applications
- Tools to build self-service or "headless" B2B digital commerce buying channels
- Intelligence to make suggestions to users (sales reps) about how to improve the sales process

Rapid Evolution of the CPQ Applications Market

In addition to shifts in functionality, deployment, and changing business models, CPQ has seen wider adoption than applications of the past couple of decades. Originally, CPQ was designed primarily for manufacturers that wanted to automate and streamline the pricing and quoting components when customers requested custom products. Today, IDC has witnessed a wide range of customers using CPQ applications in industries such as software, telecom, healthcare, financial services, and many more. We expect this evolution to continue, as vendors approach this market from different adjacencies such as price optimization, contract management, and subscription management. IDC believes that the most successful vendors in the market are those that can address a variety of B2B digital commerce use cases.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

The vendors included in this document offer the capabilities described previously, including product, service, and deal configuration and quoting, pricing, and contract management. Each system also supports basic B2B digital commerce use cases. In addition to assessing vendor strengths and weaknesses in each of these areas, we investigated vendors for their cloud readiness and their capabilities and strategies for leveraging artificial intelligence (AI) and machine learning (ML).

ADVICE FOR TECHNOLOGY BUYERS

The need for B2B organizations to deliver self-service commerce experiences, while also simplifying and automating their internal sales processes will demand more of CPQ vendors in the coming years. IDC advises technology buyers to look for the following when selecting a vendor:

- A strong cloud strategy and road map (Cloud-ready solutions deliver greater business value, faster innovation, and quicker time to market.)
- A modern, API-first, modular architecture to ensure performance and ease of integration
- An innovative track record and a demonstrated ability to deliver enhancements on a regular cadence in a seamless manner
- Out-of-the-box integrations to adjacent applications such as ERP, CRM, digital commerce, order management, and so forth to minimize custom code required
- Industry-specific capabilities that align to the buyer's use case(s) and product domain(s)
- Support for global sales and for organizations doing business in multiple geographies (e.g., support for multiple languages, currencies and measurement standards, and dynamic pricing across geographies)
- Digital asset management capabilities that support image, video, 3D, 360 spin, and emerging formats that are essential for effective merchandizing in today's digital channels

- Financial stability and ability to support future CPQ applications for commerce requirements
- A strong partner ecosystem for implementation and support

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.

Accenture

After a thorough evaluation of Accenture's strategies and capabilities, IDC has positioned the company in the Major Players category within this 2020 IDC MarketScape for CPQ applications for commerce.

Accenture is a publicly held professional services company. The company was founded in 1989 and is headquartered in Dublin, Ireland. The company's CPQ product, Bit2Win, was acquired as a part of the New Energy Group in 2016. Bit2Win was founded in 2011 as a native CPQ application on the Salesforce AppExchange. Quick facts about Accenture are:

- **Employees:** Over 450,000
- **Global reach:** CPQ customers with headquarters in 27 countries
- **Industry focus:** Telco, media, utilities, retail, manufacturing, insurance, and finance
- **Ideal customer size:** SMB to large enterprise
- **Cloud:** Application is multitenant at the application, database, and infrastructure layers and can be deployed on Salesforce's cloud.
- **Pricing model:** The subscription fee with some modules is based on user per month, and others are based on organization per month. Additional fees may apply depending on transaction volume.
- **Largest customer:** The largest CPQ customers are processing 10 million quotes per day on Accenture Bit2Win.
- **Partner ecosystem:** Bit2Win has five implementation partners and four technology partners for CPQ.
- **Interesting fact:** While based on Force.com, Bit2Win leverages Heroku components to bypass Salesforce governance limits in terms of scalability and performance for large organizations processing a large volume of quotes.

Strengths

- **Scalability:** Bit2Win has customers with over 10,000 users and can support high transaction volumes across numerous different channels.
- **Customer support:** Customers we interviewed rated Accenture Bit2Win above average in customer support satisfaction, meaning Accenture keeps its CPQ customers happy.
- **Ease of use:** Customers we interviewed rated Accenture Bit2Win above average in terms of ease of use of the application.

Challenges

- **Limited partner ecosystem:** Accenture Bit2Win has relatively few implementation and technology partners, limiting the application's third-party integrations.

- **Geographic reach:** Although Accenture has a worldwide presence, its CPQ application has limited presence outside its main market (Western Europe).
- **Built for the future:** Customers we interviewed rated Accenture Bit2Win below average when asked about where the CPQ application is built for the future.

Consider Accenture When

Consider Accenture if you are an organization of any size looking for a CPQ application natively built on the Salesforce platform with a flexible rules engine.

Apttus

After a thorough evaluation of Apttus' strategies and capabilities, IDC has positioned the company in the Leaders category within this 2020 IDC MarketScape for CPQ applications for commerce.

Apttus, a privately held vendor of CPQ, contract life-cycle management, digital commerce, and revenue management applications, is owned by the private equity firm Thoma Bravo. The company was founded in 2006 and is headquartered in San Mateo, California. The company's CPQ product, Apttus CPQ, is built API first on the Force.com platform and is sold as part of an integrated quote-to-cash suite. Apttus recently announced the acquisition of Conga. The combined company will operate under the Conga brand moving forward and will share additional information on what this means for product and road map in the coming months. This acquisition was not considered for this document. Quick facts about Apttus are:

- **Employees:** Over 1,100
- **Global reach:** CPQ customers with headquarters in 35 countries
- **Industry focus:** Communications, energy, financial services, healthcare, high tech, manufacturing, life sciences, media and entertainment, and business services
- **Ideal customer size:** Upper midmarket and large enterprises
- **Cloud:** Application is multitenant at the application, database, and infrastructure layers and runs on Force.com cloud infrastructure. Apttus' Max intelligent assistant runs on Azure infrastructure.
- **Pricing model:** Licensing consists of a per-user per-month charge based on the user type.
- **Largest customer:** The largest CPQ customers are processing over 2.5 million quotes annually on Apttus.
- **Partner ecosystem:** Apttus has more than 20 implementation partners and more than 10 technology partners for CPQ.
- **Interesting fact:** Apttus' founders bootstrapped growth of the company, including achieving a three-year period with a CAGR of 100% prior to its first round of outside funding in 2013.

Strengths

- **Single data model:** All of Apttus' applications are built on the same data model, native to the Force.com platform, allowing easier implementations and upgrades. Apttus architecture can also support highly complex quoting/pricing needs including a large cart with more than 10,000 lines.
- **B2B digital commerce:** Apttus is one of the few vendors that offers a B2B digital commerce application in addition to CPQ. This allows Apttus customers to deploy a B2B commerce site in addition to CPQ.

- **Product road map:** Customers we interviewed rated Apttus above average in both product road map relevancy and road map communication.

Challenges

- **Standalone CPQ deals:** Apttus' value proposition is around offering a complete quote-to-cash solution. Thus the company does not perform as well with customers that have relatively simple needs for a standalone CPQ.
- **Implementation experience:** Customers we interviewed rated Apttus below average when asked about their implementation experience.
- **Leadership turnover:** Apttus has experienced growing pains in the past couple years and recently underwent a leadership and ownership change. The company has been reestablishing its identity the past year.

Consider Apttus When

Consider Apttus if you are an enterprise looking to digitally transform their revenue operations. Apttus' CPQ offering enables sales, partners, and customers to configure complex products and services, deliver accurate quotes, and create smarter deals.

Cincom

After a thorough evaluation of Cincom's strategies and capabilities, IDC has positioned the company in the Contenders category within this 2020 IDC MarketScape for CPQ applications for commerce.

Cincom is a privately held vendor of CPQ applications. The company was founded in 1968 and is headquartered in Cincinnati, Ohio. The company's CPQ offering, Cincom CPQ, was originally acquired in 1995, and Cincom has since built out CPQSync, a SaaS-based CPQ platform. Quick facts about Cincom are:

- **Employees:** Over 350
- **Global reach:** CPQ customers with headquarters in 60 countries
- **Industry focus:** Specialty vehicles, heavy equipment, HVAC, medical equipment, high tech, and services
- **Ideal customer size:** Lower midmarket to large enterprise
- **Cloud:** The application is single tenant at the application, database, and infrastructure layers and can be deployed on Cincom's own cloud infrastructure.
- **Pricing model:** Packaged or subscription licensing
- **Partner ecosystem:** Cincom has no implementation partners and two technology partners for CPQ.
- **Interesting fact:** Cincom's name stands for "Cincinnati Computers." The company has used this name since its founding.

Strengths

- **Product configuration:** Cincom offers advanced visual configuration and modeling tools, allowing customers to design complex machinery and provide integrated engineered-to-order support.
- **International footprint:** Cincom has a relatively global customer base across the Americas, Europe, and Asia/Pacific.

- **Platform as a service:** Cincom built its own PaaS, allowing customers to build apps on top of its applications. The first app built on top of the PaaS is Cincom's cloud CPQ offering, CPQSync.

Challenges

- **Partner network:** Cincom manages all its implementations currently and has few partners. The company will be launching a new partner program.
- **Migration to the cloud:** A majority of Cincom's customers are still using on-premises deployments of Cincom CPQ. The company plans to migrate their customers to the cloud over time.
- **Customer "referenceability":** Cincom struggled to provide IDC with CPQ customers to interview so that we could verify product capabilities.

Consider Cincom When

Consider Cincom if you are an industrial manufacturer with revenue over \$250 million and are looking for a CPQ offering that can handle complex configuration requirements, including engineered-to-order products across multiple geographies and channels.

FPX

After a thorough evaluation of FPX's strategies and capabilities, IDC has positioned the company in the Major Players category within this 2020 IDC Market Scape for CPQ applications for commerce.

FPX is a privately held vendor of CPQ software, owned by the private equity firm HGGC. FPX was founded in 1983 and is headquartered in Minneapolis, Minnesota. The company's CPQ offering, FPX CPQ, is a SaaS CPQ application for B2B organizations selling configurable offerings across channels. FPX acquired a longtime partner, Intelliquip, in November 2019. With the acquisition, the company plans to move away from bespoke customer solutions toward more templated deployments that offer quicker time to market. Quick facts about FPX are:

- **Employees:** Over 80
- **Global reach:** CPQ customers with headquarters in 15 countries
- **Industry focus:** Manufacturing
- **Ideal customer size:** Lower midmarket to large enterprise
- **Cloud:** The application is multitenant at the application, database, and infrastructure layers and can be deployed on Azure.
- **Pricing model:** Subscription or metered (usage-based) fee
- **Largest customer:** The largest CPQ customers are processing over 600,000 quotes annually on FPX.
- **Partner ecosystem:** FPX has 8 implementation partners and over 11 technology partners for CPQ.
- **Interesting fact:** FPX claims it invented the sales force automation space in 1983 with a visual CPQ application built for distributors selling International Harvester farm equipment on the Commodore 64 (no longer supported).

Strengths

- **Manufacturing specialty:** A vast majority of FPX's CPQ customers are manufacturers. FPX's acquisition of Intelliquip also bolstered its depth and expertise in fluid handling equipment segments like pumps, valves, motors, and compressors.
- **Team selling:** FPX CPQ supports collaborative quoting that powers bid team processes and helps break down selling silos.
- **User interface:** Customers we interviewed rated FPX above average when asked about the company's user interface and the ease of use of its CPQ application.

Challenges

- **Built for the future:** Customers we interviewed rated FPX below average when asked about whether the company's applications are "built for the future."
- **Global footprint:** FPX is relatively small and a majority of its customers are based in the United States. FPX rarely appears in deals outside of North America. However, FPX is expanding globally, with quotes created in 182 countries.
- **Artificial intelligence:** Customers we interviewed rated FPX below average when asked about the company's artificial intelligence strategy.

Consider FPX When

Consider FPX if you are a B2B manufacturer based in North America, with annual revenue over \$20 million, and you sell selectable and configurable offerings across multiple channels (direct, indirect, and/or ecommerce).

Infor

After a thorough evaluation of Infor's strategies and capabilities, IDC has positioned the company in the Major Players category within this 2020 IDC MarketScape for CPQ applications for commerce.

Infor, a privately held vendor of enterprise applications, was acquired by Koch Industries in April 2020 and is a subsidiary of Koch Industries. The company was founded in 2002 and is headquartered in New York City, New York. The company's CPQ offering, Infor CloudSuite Configure Price Quote, is a SaaS offering that pairs with Infor's CloudSuite ERP, CRM, and B2B digital commerce applications. Quick facts about Infor are:

- **Employees:** Over 17,300
- **Global reach:** CPQ customers with headquarters in over 30 countries
- **Industry focus:** Discrete manufacturing, high tech, automotive, distribution, and retail
- **Ideal customer size:** Lower midmarket to large enterprise
- **Cloud:** The application is multitenant at the application and infrastructure layers and single tenant at the database layer and can be deployed on AWS.
- **Pricing model:** The subscription is based upon the number of users and/or consumption.
- **Largest customer:** The largest CPQ customers are processing 100,000 quotes per year on Infor.
- **Partner ecosystem:** Infor has over 200 combined implementation and technology partners for CPQ.
- **Interesting fact:** Infor's CEO, Kevin Samuelson, joined the company back in 2002 as one of its first employees. At the time, Infor's original product was ERP for dairy.

Strengths

- **Industry focus:** In addition to CPQ, Infor provides industry-specific CloudSuites utilizing industry best practices, processes, and analytics all delivered as a cloud service on AWS. These CloudSuites help CPQ customers achieve a more comprehensive end-to-end suite of applications to automate their B2B selling process.
- **Customer support:** Customers that we interviewed rated Infor above average in terms of the level of customer support they receive, meaning Infor is able to keep its customers happy.
- **Ease of implementation:** Customers that we interviewed rated Infor above average when asked about their implementation experience with Infor CPQ.

Challenges

- **Limited scope:** Infor does not do as well among customers that have a limited scope for their CPQ needs. Infor's ideal customers are driving larger digital transformations beyond limited CPQ deployments.
- **Technical integrations:** Customers that we interviewed rated Infor below average when asked about how easy it is to integrate with external applications such as CRM or digital commerce.
- **Use interface:** Customers that we interviewed rated Infor below average in terms of the user interface/ease of use of its CPQ application.

Consider Infor When

Consider Infor if you are a large or midsize B2B organization anywhere in the world; sell complex, configured products and services; and are looking to leverage CPQ throughout your organization to automate your sales process and differentiate your brand. You would like to use Infor for other key enterprise applications like ERP, CRM, and/or B2B digital commerce.

Oracle

After a thorough evaluation of Oracle's strategies and capabilities, IDC has positioned the company in the Leaders category within this 2020 IDC MarketScape for CPQ applications for commerce.

Oracle is a publicly held vendor of software, services, and hardware. The company was founded in 1977 and is headquartered in Redwood City, California. The company's CPQ offering, Oracle CPQ, is a cloud-based product that Oracle added to its portfolio in 2013 with the acquisition of BigMachines. Oracle CPQ is sold standalone, but often packaged with Oracle CX Sales, CX Commerce, Subscription Management, and ERP Cloud. Quick facts about Oracle are:

- **Employees:** Over 137,000
- **Global reach:** CPQ customers with headquarters in 125 countries
- **Industry focus:** High tech, business services, communications, industrial manufacturing, and software
- **Ideal customer size:** Lower midmarket to large enterprise
- **Cloud:** The application is virtual single tenant at the application, database, and infrastructure layers and can be deployed on Oracle Cloud Infrastructure.
- **Pricing model:** Monthly subscription
- **Largest customer:** The largest CPQ customers are processing over 2 million quotes annually on Oracle.

- **Partner ecosystem:** Oracle has over 50 implementation partners and over 5 technology partners for CPQ.
- **Interesting fact:** Oracle uses its own CPQ application for the entire business with 44,000 internal users. Oracle's internal deployment is the largest known CPQ deployment globally.

Strengths

- **Customer satisfaction:** Customers we interviewed rated Oracle above average when asked about customer support.
- **Level of value:** Customers we interviewed rated Oracle above average when asked about the level of value Oracle CPQ delivered.
- **Commerce pairing:** Oracle CPQ is sold standalone or packaged with Oracle CX Commerce. When paired together using the packaged integration, the applications enable self-service B2B commerce across numerous interfaces/channels.

Challenges

- **Customer support:** Customers we interviewed rated Oracle below average when asked about customer support satisfaction or the company's ability to keep customers happy.
- **Contract management:** While Oracle CPQ does offer contract comparison, it lacks more-advanced contract management functionality. Prospects with core contract life-cycle management requirements are encouraged to consider the sibling application, Oracle Fusion Service Contracts.
- **Oracle app seamlessness:** Oracle has packaged integrations between CPQ and many of its other applications, but the user interfaces are not unified out of the box and they do not leverage the same data model. One customer that used two other applications in conjunction with CPQ stated, "They could have been applications from three different companies for all we were concerned."

Consider Oracle When

Consider Oracle if you are a midmarket or enterprise business looking for a cloud-based CPQ application to automate your front-office sales through order management processes. Consider it if you are looking for a CPQ application that can be used standalone or as part of a broader suite.

Pricefx

After a thorough evaluation of Pricefx's strategies and capabilities, IDC has positioned the company in the Contenders category within this 2020 IDC MarketScape for CPQ applications for commerce.

Pricefx is a privately held vendor of price optimization and CPQ applications. The company was founded in 2011 and is headquartered in Pfaffenhofen, Germany. The company's CPQ offering, QuoteConfigurator, is a standalone SaaS application that works with the rest of Pricefx's suite of price optimization and management applications. Quick facts about Pricefx are:

- **Employees:** Over 325
- **Global reach:** CPQ customers with headquarters in over 40 countries
- **Industry focus:** Manufacturing, distribution, chemicals, process, packaging, retail, ecommerce, high tech, construction materials, aftermarket, and automotive
- **Ideal customer size:** SMB to large enterprise
- **Cloud:** The application is multitenant at the application, database, and infrastructure layers.

- **Pricing model:** Based on revenue under management
- **Largest customer:** The largest CPQ customers are processing over 195,000 quotes on QuoteConfigurator.
- **Partner ecosystem:** Pricefx has over 40 implementation partners and over 3 technology partners for CPQ.
- **Interesting fact:** Prior to using Pricefx, one of its customers realized that it had been selling certain products for negative prices. The company had never been able to see their data on transactions in the context of pricing and, once it did, the company quickly learned it had been paying the customer to buy products.

Strengths

- **Advanced pricing:** Pricefx offers advanced pricing functionality, including the support of many pricing models out of the box and the ability to configure and price products to meet a prescribed budgetary limit or price target.
- **Level of value:** Customers we interviewed rated Pricefx well above average when asked about the level of value the company's CPQ application delivered.
- **Customer support:** Customers were happy with Pricefx customer support and with the professionalism and quality of its technicians.

Challenges

- **Channel partner support:** Pricefx is missing features that were in other CPQ solutions, such as the ability to create a branded partner quoting portal and allow them to manage their own users and the ability for dealers to pass them a configuration.
- **Integration:** Pricefx is missing integrations that were supported in other CPQ solutions, including connectors to billing systems, contract life-cycle management, and CAD, CAM, and PLM applications to bring in static and dynamic 3D drawings of products.
- **User interface:** Customers we interviewed rated Pricefx below average when asked about the user interface/usability of its CPQ application, but customers said that this was improving recently.

Consider Pricefx When

Consider Pricefx if you are an organization of any size needing a SaaS-based CPQ application built for selling over multiple channels. Pricefx QuoteConfigurator integrates with the Pricefx suite of price optimization and management applications.

PROS

After a thorough evaluation of PROS CPQ strategies and capabilities, IDC has positioned the company in the Major Players category within this 2020 IDC MarketScape for CPQ applications for commerce.

PROS is a publicly held vendor of price optimization, sales, and CPQ applications. The company was founded in 1985 and is headquartered in Houston, Texas. The company's CPQ offering, PROS Smart CPQ, is a SaaS application focused on both select for sale and configure for sale use cases. PROS Smart CPQ is a part of the PROS Commerce platform, which includes sales acceleration, price management, and price optimization solutions. Quick facts about PROS are:

- **Employees:** Over 1,400
- **Global reach:** CPQ customers with headquarters in 13 countries

- **Industry focus:** Automotive and industrial, discrete manufacturing, cargo, freight and logistics, energy and chemicals, food and beverage, technology hardware and software, medical devices, and distribution
- **Ideal customer size:** Upper midmarket and large enterprise
- **Cloud:** The application is multitenant at the application, database, and infrastructure layers.
- **Pricing model:** Licensing is based on per-user, per-month pricing model (tiered with volume discounts). eCommerce licensing is available to support self-service communities and other ecommerce applications.
- **Largest customer:** The largest CPQ customers are processing more than 100,000 quotes annually.
- **Partner ecosystem:** PROS has nine implementation partners and eight technology partners for CPQ.
- **Interesting fact:** PROS still has its first customer, one of its founders still sits on the board of directors, and one of the first employees is still on the company's executive leadership team.

Strengths

- **Performance:** PROS Smart CPQ includes a quoting engine that was designed to manage up to 100,000 quote line times with no performance degradation. The PROS Smart CPQ quoting engine reduces the time needed to create, analyze, and manage very large quotes, bids, or RFPs that involve complex, configurable products with thousands of lines and hierarchies based on product or market dimensions.
- **Advanced pricing:** PROS offers advanced pricing functionality, including the support of many pricing models out of the box, the ability to set pricing that moves with market indices, enabling buy-side price optimization, and support of dynamic pricing based on inventory/supply chain availability.
- **Product road map:** Customers we interviewed rated PROS above average when asked about product road map relevancy and how well it communicates features that are on its road map.

Challenges

- **User interface:** Customers we interviewed rated PROS below average when asked about the user interface and ease of use of PROS Smart CPQ.
- **Channel partner support:** Customers cited that PROS Smart CPQ is missing the ability to create a partner quoting portal to allow them to manage their own users and ability for dealers to pass them a configuration. However, PROS can be integrated with most partner portals and communities to support multichannel use cases.
- **Customer satisfaction:** Customers we interviewed rated PROS below average when asked about their customer satisfaction with PROS and value relative to price. However, PROS has made numerous changes to and investments in customer success in the past six months to further improve.

Consider PROS When

Consider PROS if you are an enterprise with large numbers of complex products, services, or workflows needing a flexible CPQ application built for selling over multiple channels. PROS Smart CPQ integrates with PROS price optimization, opportunity detection, and price guidance for a comprehensive selling suite.

Salesforce

After a thorough evaluation of Salesforce's strategies and capabilities, IDC has positioned the company in the Leaders category within this 2020 IDC MarketScape for CPQ applications for commerce.

Salesforce is a publicly held vendor of CRM software and PaaS. The company was founded in 1999 and is headquartered in San Francisco, California. The company's CPQ offering, Salesforce CPQ, is a SaaS application that is sold alongside Salesforce Billing within the company's Sales Cloud. Salesforce CPQ was introduced following Salesforce's acquisition of SteelBrick in 2015. Quick facts about Salesforce are:

- **Employees:** Over 45,000
- **Industry focus:** High tech, manufacturing, and health and life sciences
- **Ideal customer size:** SMB to large enterprise
- **Cloud:** The application is multitenant at the application, database, and infrastructure layers and can be deployed on AWS.
- **Pricing model:** Per-user monthly subscription
- **Partner ecosystem:** Salesforce has thousands of implementation partners and hundreds of technology partners for CPQ.
- **Interesting fact:** In response to COVID-19, Salesforce spent more than \$25 million to procure over 50 million pieces of protective equipment and launched the Salesforce Care initiative. Also, Pascal Yammine, the GM of Salesforce CPQ and Billing, offered to shave his head into a mohawk if the team raised over \$3,000 for the No Kid Hungry foundation. Pascal ended up with a mohawk dyed pink after \$30,000 and 300,000 meals were donated.

Strengths

- **Implementation experience:** Customers we interviewed rated Salesforce above average when asked about their implementation experience for Salesforce CPQ.
- **Level of value:** Customers we interviewed rated Salesforce above average when asked about the level of value Salesforce CPQ delivered.
- **Salesforce Billing:** Salesforce Billing was launched in late 2018. The product is available to Salesforce CPQ customers that want to enable subscription business models in their B2B selling organizations.

Challenges

- **Product road map:** Customers we interviewed rated Salesforce below average when asked about both the relevancy of their product road map and how well it is communicated to them.
- **Artificial intelligence:** Customers we interviewed rated Salesforce below average when asked about Salesforce AI strategy for CPQ.
- **Exclusive to sales and service cloud customers:** Currently, Salesforce's CPQ cloud offering can only be sold to customers that also use Salesforce's Sales and Service Cloud. Salesforce Billing Cloud can only be sold to customers using CPQ. Salesforce has stated that Salesforce CPQ and billing may be sold standalone in the future.

Consider Salesforce When

Consider Salesforce if you are an organization of any size looking for a SaaS CPQ application that is sold alongside a subscription billing application. You can use Salesforce for other CRM areas including sales, service, and B2B commerce.

SAP

After a thorough evaluation of SAP's strategies and capabilities, IDC has positioned the company in the Major Players category within this 2020 IDC MarketScape for CPQ applications for commerce.

SAP, a publicly held vendor of enterprise applications, is profitable and traded on the New York Stock Exchange. The company was founded in 1972 and is headquartered in Walldorf, Germany. The company's CPQ offering, SAP CPQ, was attained in 2018 with the acquisition of CallidusCloud. SAP CPQ provides CPQ and sales performance management. Quick facts about SAP are:

- **Employees:** Over 96,000
- **Global reach:** CPQ customers with headquarters in over 180 countries
- **Industry focus:** Manufacturing, high tech, telecom, and professional services
- **Ideal customer size:** Lower midmarket to large enterprise
- **Cloud:** The application is multitenant at the application and infrastructure layers and can be deployed on Azure.
- **Pricing model:** Per-user per-month cloud subscription
- **Largest customer:** The largest CPQ customers are processing over 600,000 quotes annually on SAP.
- **Interesting fact:** Some customers use SAP CPQ as their de facto CRM system.

Strengths

- **Quote-to-cash suite:** When paired with other SAP applications, including billing, digital commerce, CLM, and ERP, SAP CPQ is a comprehensive quote-to-cash suite.
- **Artificial intelligence:** SAP has built out AI capabilities for SAP CPQ to power more intelligent workflows. SAP will integrate the AI engine with SAP Leonardo.
- **Cloud first:** SAP CPQ is built cloud native with four automatic updates a year.

Challenges

- **Customer "referenceability":** SAP struggled to provide IDC with CPQ customers to interview so that we could verify product capabilities.
- **Integration needed:** Since SAP CPQ was added via acquisition, it is not fully integrated with all of SAP's front- and back-office applications, such as SAP S/4HANA.
- **Future market alignment:** Upon the acquisition of CallidusCloud, SAP has positioned SAP CPQ alongside various of its other applications including CRM and digital commerce. SAP has also realigned its billing solutions over the past couple of years. SAP will need a clearer market alignment for CPQ and billing.

Consider SAP When

Consider SAP if you are a midmarket or enterprise organization looking for a CPQ application that can be integrated into a broader quote-to-cash and customer experience suite. You can use SAP for ERP and/or CRM.

Tacton

After a thorough evaluation of Tacton's strategies and capabilities, IDC has positioned the company in the Contenders category within this 2020 IDC MarketScape for CPQ applications for commerce.

Tacton is a privately held vendor of CPQ software. The company was founded in 1998 and is headquartered in Stockholm, Sweden, and Chicago, Illinois. The company's CPQ offering, Tacton CPQ, is a SaaS application offered alongside Tacton Design Automation. Quick facts about Tacton are:

- **Employees:** Over 250
- **Global reach:** CPQ customers with headquarters in 14 countries
- **Industry focus:** Heavy vehicles, machinery, power generation, medtech equipment, vertical transportation, processing and control of fluid and gas, and production Lines
- **Ideal customer size:** Lower midmarket to large enterprise
- **Cloud:** The application is multitenant at the application, database, and infrastructure layers and can be deployed on AWS.
- **Pricing model:** Per-user subscription, some products apply usage-based pricing
- **Largest customer:** The largest CPQ customers are processing over 140,000 quotes annually on Tacton.
- **Partner ecosystem:** Tacton has 22 implementation partners and over 3 technology partners for CPQ.
- **Interesting fact:** Tacton serves 50,000 log-ins producing 25,000 quotes on a per-month average.

Strengths

- **Complex goods:** Tacton specializes in supporting highly complex products and high-variance configurations.
- **Visual configuration:** Tacton has supported strong visual configuration since its acquisition of Lumo Graphics in 2016. This includes AR visualizations of configured products.
- **Cloud focus:** Tacton's vision for the future is to have all net-new customers buy the multitenant SaaS version of its CPQ application.

Challenges

- **Customer "referenceability":** Tacton struggled to provide IDC with CPQ customers to interview so that we could verify product capabilities.
- **Global footprint:** A large majority of Tacton's current customer base is in Europe. The company is looking to expand its footprint in North America and Japan.
- **Road map communication:** Customers that we interviewed rated Tacton below average in terms of product road map communication.

Consider Tacton When

Consider Tacton if you are B2B manufacturer with revenue greater than \$100 million looking for a CPQ that can support highly configurable, complex products.

Vendavo

After a thorough evaluation of Vendavo's strategies and capabilities, IDC has positioned the company in the Major Players category within this 2020 IDC MarketScape for CPQ applications for commerce.

Vendavo is a privately held vendor of price optimization, sales, and CPQ software and services. The company was founded in 1999 and is headquartered in Denver, Colorado. The company's CPQ offering, Vendavo CPQ Cloud, is a SaaS CPQ application for B2B organizations and is integrated with the company's price optimization and management suite. Quick facts about Vendavo are:

- **Employees:** Over 360
- **Global reach:** CPQ customers with headquarters in 10 countries
- **Industry focus:** B2B manufacturing (process and discrete), distribution, and B2B services
- **Ideal customer size:** Upper midmarket and large enterprise
- **Cloud:** Application is multitenant at the application, database, and infrastructure layers.
- **Pricing model:** Licensing is annual subscription or seat based.
- **Largest customer:** The largest CPQ customers are processing over 130,000 quotes on Vendavo CPQ Cloud.
- **Partner ecosystem:** Vendavo has five implementation partners and six technology partners.
- **Interesting fact:** In 2019, during Vendavo's "Value Assessments" with its customers (approximately 27 done in 2019), customers validated over \$500 million in annual benefits – an average of \$18 million/customer.

Strengths

- **Advanced pricing:** Vendavo offers advanced pricing functionality, including visualizations for price agreements and quotes to show how discounted factors can impact net price. Price agreements support time horizons, customer specification, and automated quoting through negotiation rules.
- **CPQ Marketplace:** Vendavo's CPQ Marketplace gives customers access to product catalogs from multiple suppliers with real-time, accurate product data. Select a configuration and know what accessories are compatible with it along with the current pricing.
- **Built for the future:** Customers we interviewed rated Vendavo above average when asked about whether the company's CPQ application is "built for the future."

Challenges

- **Implementation experience:** Customers we interviewed rated their implementation experience with Vendavo below average.
- **User interface:** Customers we interviewed rated Vendavo well below average when asked about the user interface/usability of its CPQ application. In the summer of 2019, Vendavo released an updated user interface and administrative console, which not all customers were utilizing during this document's research time frame.
- **Level of value delivered:** Customers we interviewed rated Vendavo well below average when asked about the level of value being delivered by Vendavo CPQ Cloud, relative to price paid.

Consider Vendavo When

Consider Vendavo if you are a B2B organization with over \$1 billion in annual revenue looking for a SaaS CPQ application to modernize sales processes. Vendavo CPQ Cloud integrates with Vendavo's intelligent pricing solutions to create a comprehensive commercial excellence suite.

Zuora

After a thorough evaluation of Zuora's strategies and capabilities, IDC has positioned the company in the Major Players category within this 2020 IDC MarketScape for CPQ applications for commerce.

Zuora is a publicly held subscription management, CPQ, and revenue recognition software vendor. The company was founded in 2007 and is headquartered in San Mateo, California. The company's CPQ offering, Zuora CPQ, is packaged alongside Zuora Billing, Zuora Collections, and Zuora Revenue. Zuora CPQ is offered as SaaS and was built from the ground up to support subscriptions. Quick facts about Zuora are:

- **Employees:** Over 1,300
- **Global reach:** CPQ customers with headquarters in over 30 countries
- **Industry focus:** Software, high tech, media, and IoT
- **Ideal customer size:** SMB to large enterprise
- **Cloud:** The application is multitenant at the application, database, and infrastructure layers and can be deployed on AWS.
- **Pricing model:** Zuora CPQ is priced on a flat recurring basis depending on the Zuora edition your company has purchased.
- **Largest customer:** The largest CPQ customers are processing over 100,000 quotes annually on Zuora CPQ.
- **Partner ecosystem:** Zuora has over 19 implementation partners and over 101 technology partners for Zuora CPQ.
- **Interesting fact:** Zuora CPQ was able to reduce the quote-to-order time from 15 days to 5 minutes for a very large software company.

Strengths

- **Level of value and built for the future:** Customers we interviewed rated Zuora above average when asked about the level of value the company's CPQ application delivered. In addition, customers highly rated Zuora when asked if the product was built for their future.
- **Channel partner support:** Zuora has great support for channel partners, including the ability to create branded partner quoting portals, allow partners to manage their own users, and support an unlimited hierarchy.
- **Subscription management:** Zuora provides a repository for storing and searching contracts, which can manage third-party contracts and support self-service order modification for "in flight" contracts.

Challenges

- **Non-subscription transactions:** Zuora CPQ is focused on the subscription use case and is not a choice for classic CPQ use cases of manufactured products. Likewise, Zuora CPQ is missing integrations to CAD, CAM, and PLM applications to bring in static and dynamic 3D drawings of products.

- **Advanced pricing:** Zuora CPQ is missing advanced pricing features that were supported in other CPQ solutions, including does not have buy-side price optimization (i.e., pricing ideal for the end customer) and the ability to configure and price products to meet a prescribed budgetary limit or price target.
- **Integration:** Zuora is missing integrations that were supported in other CPQ solutions, including order management, contract life-cycle management, or the ability to automatically produce bill of materials and instructions.

Consider Zuora When

Consider Zuora if you are an organization of any size that is already leveraging Zuora for subscription management needing a CPQ application built for configuring and modifying subscriptions.

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. For this IDC MarketScape, vendor size was determined based on IDC's estimates for each vendor's revenue in the CPQ applications market. On premises/others and public cloud services revenue both counted toward vendors' market size (refer back to Figure 1).

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

Configure price quote (CPQ) applications enable companies to automate the life cycle of the quoting and proposal process, starting with the moment a customer supplies their needs in a company's offering and ending with sending a detailed quote to the customer or prospect. CPQ software is used primarily by sales departments to accelerate the sales process while improving quote accuracy and customer relations. These software products allow companies to determine a customer's needs and provide them with custom quotes that best fit those specific needs. Products are typically built on an existing CRM software product or designed to integrate with one (or more) CRM tools.

CPQ applications should be able to satisfy the following functions:

- Support configuration logic for the offering, standard and custom pricing, and quote tracking.
- Provide sales reps with information to easily create offers beneficial for both the customer and company.
- Offer workflows for users to create, modify, send, and track quote documents in different formats.
- Use CRM, ERP, and other enterprise applications data to define and manage product catalogs including pricing and bundling of products/services.
- Evaluate the profitability of each offering based on financial rules, customer pricing, costs, and external factors like competitors, market changes, or laws and regulations.
- Integrate directly with CRM systems.
- Integrate directly with digital commerce platforms to automate sales.
- Assist users with analytics and reporting during the entire quoting process, and provide data and suggestions to improve the process.

CPQ Applications for Commerce Customer Size Segment Definitions

For the purposes of this IDC MarketScape, IDC is using the organization size definitions when naming each vendor's ideal customer size (see Table 1).

TABLE 1

CPQ for Commerce Customer Organization Size Segments

Segment	Revenue Range
SMB	Under \$100 million
Lower midmarket	\$100 million–499 million
Upper midmarket	\$500 million–1 billion
Enterprise	Over \$1 billion

Source: IDC, 2020

Strategies and Capabilities Criteria

Tables 2 and 3 provide key strategy and capability measures, respectively, for the success of CPQ applications for commerce.

TABLE 2

Key Strategy Measures for Success: Worldwide Configure Price Quote Applications for Commerce

Strategies Criteria	Definition	Weight (%)
Functionality or offering road map	UX, reporting, and industries are all addressed in the road map.	21.00
	The vendor has plans to include advanced PIM for commerce functionality.	
Architecture/platform strategy	The vendor has a strong strategy to improve its application's architecture, including its APIs and microservices. The vendor has big ambitions for its architecture.	12.00
Innovation	The vendor takes active steps to provide an extremely secure application.	15.00
	The vendor has plans to leverage innovative technologies, such as AI, to support new use cases for its PIM application.	
Cloud strategy	The vendor has a cloud-first approach that involves a modern cloud architecture.	5.00
R&D pace and productivity	The vendor is investing heavily in product R&D.	4.00
Growth	The vendor is on a strong growth trajectory.	23.00
	The vendor's partner network is expanding and/or maturing.	
	Vendor has programs in place to support ongoing customer success.	
	The vendor is actively expanding its customer base outside of its home market.	
	The vendor is adequately capitalized to ensure long-term viability.	
Customer delivery strategy	The product road map is relevant to customers.	20.00
	The product road map is clearly communicated to customers.	
	Customers believe the vendor is setting them up for future success in the digital economy.	
	Customers perceive the vendor's efforts in AI/automation as valuable.	
Total		100.00

Source: IDC, 2020

TABLE 3

Key Capability Measures for Success: Worldwide Configure Price Quote Applications for Commerce

Capabilities Criteria	Definition	Weight (%)
Functionality or offering	The application supports catalog management functions and a deep product taxonomy for commerce.	12.00
	The application has flexible reporting that meets the needs of the greatest number of customers out of the box.	
	The application provides robust search on PIM data/content.	
	The application includes workflow/task management capabilities.	
	The application provides granular user permissioning.	
	The application can ingest product data/content from a wide array of sources, in diverse formats.	
Advanced functionality	The application has built-in syndication functionality for a wide range of channels.	23.00
	The application supports a portal for external suppliers where suppliers can update and collaborate on product data.	
	The application provides virtual or computed attributes and dynamic views.	
	Application includes functionality that helps users ensure the quality of their product information.	
	It has the ability to define catalogs according to business rules with flexibility to overlay channel-specific taxonomies and/or data models (model constructs such as product lines, campaigns, and other types of collections).	
	The application has digital asset management and dynamic media features.	
	The application contains BI/visualization tools.	
Architecture	All of the product functionality is accessible via APIs and is transitioning to modern API standards (GraphQL or similar).	13.00
	It is easy to customize/configure the application.	
	Users can easily adopt new releases without migration efforts. Application and APIs are backward compatible.	

TABLE 3

Key Capability Measures for Success: Worldwide Configure Price Quote Applications for Commerce

Capabilities Criteria	Definition	Weight (%)
	The application APIs are well designed for integration to other systems and the application supports plug-ins.	
	The application has a modern architecture that leverages a modular/ microservices architecture.	
3rd Platform capabilities	The application has embedded artificial intelligence capabilities that assist users by automating tasks and improving decision making.	4.00
Cloud capabilities	The application is sold with flexible pricing and terms.	10.00
	The vendor has a cloud-first approach and new efforts are focused on modern cloud deployments.	
	Customers can deploy on the cloud of their choice.	
	The vendor pushes updates to customers regularly.	
	Uptime is guaranteed in SLAs.	
Range of services	The vendor supports customers and end users across the world.	11.00
	The strength of the partner ecosystem is utilized.	
	The vendor supports a wide range of out-of-the-box integrations and/or integration services.	
	The vendor has taken steps to make their ecosystem more attractive for developers.	
	The vendor provides functionality to serve specific verticals (e.g., retail, manufacturing).	
	The vendor has employees on staff that specialize in customer support and provide resources and best practices to ensure customer success.	
Customer satisfaction	Customer receives good value relative to the price they pay for the application.	23.00
	The application is easy and intuitive to use.	
	Responsiveness of application for users is addressed.	
	Ease/difficulty of implementing the application is assessed.	

TABLE 3

Key Capability Measures for Success: Worldwide Configure Price Quote Applications for Commerce

Capabilities Criteria	Definition	Weight (%)
	It is easy to integrate the application with external systems (digital commerce, ERP, CRM, etc.).	
Customer service delivery	The vendor is able to solve customer service issues and keep customers happy.	4.00
Total		100.00

Source: IDC, 2020

LEARN MORE

Related Research

- *IDC Market Glance: Digital Commerce Software, 1Q20* (IDC #US46151020, March 2020)
- *IDC MarketScape: Worldwide Subscription Management Applications 2019-2020 Vendor Assessment* (IDC #US44867519, December 2019)
- *Market Analysis Perspective: Worldwide Digital Commerce Software, 2019* (IDC #US44644419, September 2019)
- *IDC MaturityScape: B2B Digital Commerce 1.0* (IDC #US45163919, June 2019)
- *The Monetization Ecosystem* (IDC #US43888119, December 2018)

Synopsis

This IDC study provides an assessment of the primary CPQ application vendors for B2B digital commerce use cases. The study also discusses what criteria are most important for companies to consider when selecting a system.

"B2B buyers have come to expect better commerce experiences when they purchase products and services online. As a result, many B2B organizations have turned to CPQ applications to automate their sales processes while also delivering self-service product configuration, quoting, pricing, and checkout," says Jordan Jewell, research manager of IDC's Digital Commerce program. "As a result, CPQ applications are considered an essential tool in sellers' arsenal but selecting the right vendor to partner with is no easy task, as there isn't a one-size-fits-all CPQ application. The right CPQ applications should provide organizations with a competitive advantage when selling online and be flexible enough to support different kinds of products and commerce business models in the years to come."

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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