IDC MarketScape

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

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THIS IDC MARKETSCAPE EXCERPT FEATURES: ORACLE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Configure Price Quote Applications for Commerce Vendor Assessment

Source: IDC, 2020

June 2020, IDC #US45353319e
Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Configure Price Quote Applications for Commerce 2020 Vendor Assessment (Doc #US45353319). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

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.
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 MARKETSCAPE 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.

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.

**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**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMB</td>
<td>Under $100 million</td>
</tr>
<tr>
<td>Lower midmarket</td>
<td>$100 million–499 million</td>
</tr>
<tr>
<td>Upper midmarket</td>
<td>$500 million–1 billion</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Over $1 billion</td>
</tr>
</tbody>
</table>

Source: IDC, 2020
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

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