

Magic Quadrant pour l'ERP Cloud pour les entreprises centrées sur les services

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Les entreprises centrées sur les services adoptent des applications ERP cloud pour bénéficier d'un ensemble plus structuré de fonctionnalités de processus qui se traduisent par de meilleurs résultats commerciaux. Les responsables d'applications devraient utiliser ce Magic Quadrant pour évaluer les fournisseurs de suites d'applications ERP cloud dans le cadre d'une stratégie ERP composable.

Hypothèse de planification stratégique

D'ici 2027, plus de 50 % des entreprises des secteurs centrés sur les services rechercheront une approche de suite ERP pour répondre à leurs besoins en matière de capacités de système d'enregistrement.

Définition/description du marché

Tous les fournisseurs de ce Magic Quadrant vendent et prennent en charge des suites ERP centrées sur les services. Ils proposent également une large gamme d'offres ERP centrées sur les services, qui comprennent des applications, des plates-formes et des capacités de partenaires spécifiques à l'industrie.

Gartner définit une solution ERP cloud centrée sur les services comme une suite commercialisée et vendue comme un produit intégré qui fournit au moins trois des éléments suivants :

- **Fonctionnalité du système de gestion financière (SGF)**, y compris le grand livre, les comptes fournisseurs (AP), les comptes clients (AR) et la planification financière.
- **Fonctionnalité Order-to-Cash (O2C)**, allant de la configuration, du prix et du devis (CPQ) aux activités d'encaissement.
- **La fonctionnalité Source-to-Pay (S2P)**, qui doit couvrir au minimum l'e-sourcing, la gestion du cycle de vie des contrats, l'e-achat, l'automatisation des factures fournisseurs, la gestion des fournisseurs, la collaboration et les paiements.

- La fonctionnalité de gestion du **capital humain (HCM)**, qui doit couvrir au moins les capacités administratives des RH, telles que la gestion des données RH de base, les transactions du cycle de vie des employés et la gestion des postes.
- **D'autres fonctionnalités administratives de l'ERP**, pour prendre en charge les activités typiques centrées sur les services, telles que la planification et l'analyse étendues (xP&A), la gestion de projet (pour les capacités centrées sur les projets), l'approvisionnement en services et la gestion des baux immobiliers.

En outre, Gartner définit le marché de l'ERP cloud pour les entreprises centrées sur les services comme étant au service des organisations qui se concentrent généralement sur les secteurs des services (non produits), notamment :

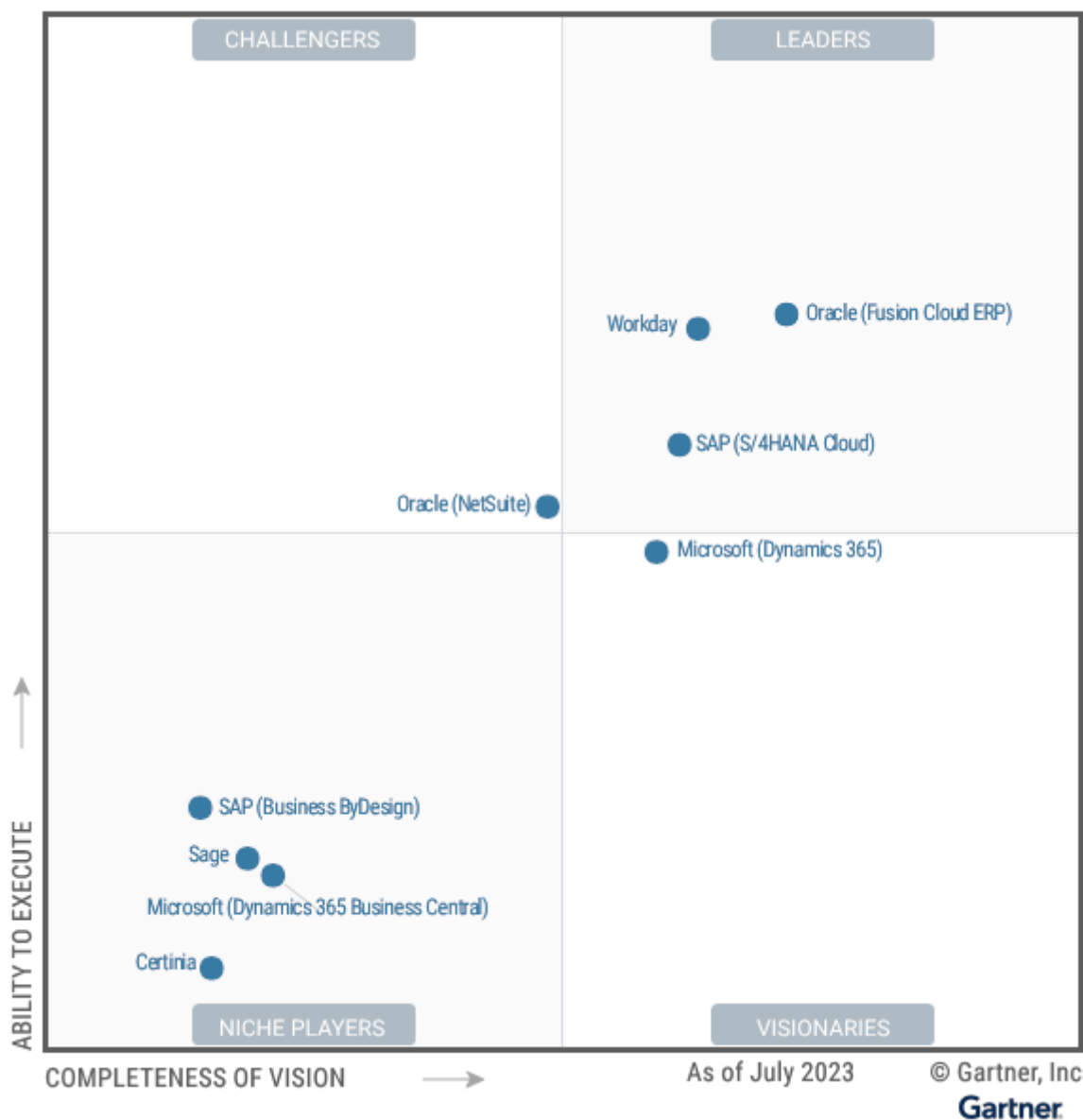
- Service professionnels
- Santé
- Logiciel
- Média
- Services financiers
- Télécommunication
- Secteurs à but non lucratif
- Immobilier

Les secteurs énumérés ci-dessus sont les principaux évalués dans ce Magic Quadrant, mais d'autres peuvent également être pris en compte (l'enseignement supérieur, le secteur public et le secteur des services publics, par exemple) dans le cadre de l'approche plus large du marché d'un fournisseur.

Quadrant magique

Figure 1 : Magic Quadrant pour l'ERP cloud pour les entreprises centrées sur les services





Points forts et mises en garde des fournisseurs

Certinia

Certinia est un acteur de niche dans ce Magic Quadrant. Elle a adopté ce nom en mai 2023, après avoir été appelée FinancialForce. La majorité de ses clients se trouvent dans les Amériques, avec un plus petit nombre dans la région EMEA et un pourcentage beaucoup plus faible en Asie/Pacifique. Il offre une solution SaaS cloud entièrement gérée. Certinia s'appuie fortement sur les solutions de ses partenaires pour ses capacités RH, bien que ses modules financiers soient principalement développés en interne. Certinia s'est appuyé sur sa force en matière d'automatisation des services professionnels (PSA) en ajoutant une facturation basée sur l'abonnement et l'utilisation.

Forces

- **Capacités de projet :** Certinia se concentre sur les organisations de services basées sur des projets. La fonctionnalité de gestion de projet de sa solution, ainsi que la connexion avec Certinia Multi-Revenue Billing et d'autres composants financiers de base, renforcent la proposition de valeur de Certinia.

- **Utilisation de la plate-forme Salesforce** : En utilisant la plate-forme Salesforce, Certinia s'appuie sur un riche ensemble de services de **plate-forme** d'entreprise, tels qu'Einstein Analytics, ainsi que sur un financement de recherche et développement exceptionnel pour une entreprise de sa taille. Les clients de Salesforce peuvent être en mesure de tirer parti des flux de travail connectés entre les deux solutions.
- **Solution de facturation native** : Certinia Multi-Revenue Billing offre des fonctionnalités matures pour gérer plusieurs flux et structures de revenus, y compris la facturation des abonnements et de l'utilisation. La capacité à prendre en charge des types de facturation complexes et la consolidation de la facturation en fait une solution solide pour les clients du marché intermédiaire.

Précautions

- **Manque de capacités RH natives** : la solution de Certinia n'a pas de capacité RH native, et elle ne peut être utilisée qu'en conjonction avec un système RH d'un fournisseur distinct. Les clients existants et potentiels de Certinia considèrent qu'il s'agit d'une limite pour les organisations à la recherche d'une suite ERP complète centrée sur les services.
- **Connaissance du marché** : Certinia se concentre principalement sur les clients Salesforce, ce qui signifie que la connaissance de ce fournisseur est limitée au-delà de la communauté et de l'écosystème Salesforce.
- **Gestion des contrats** : Certinia ne dispose toujours pas d'une solution de gestion des contrats robuste, par rapport à celles d'autres fournisseurs, et sa solution ne correspond pas entièrement à la définition de Gartner des capacités S2P de bout en bout.

Microsoft (Dynamics 365)

Microsoft is a Visionary in this Magic Quadrant with Microsoft Dynamics 365. This product is aimed at midsize to large and global service businesses, and Gartner estimates that many of its customers are in the midmarket segment. The majority of its clients are in the EMEA and Americas (a roughly equal split), and a lower percentage is in Asia/Pacific. Dynamics 365 is mainly a cloud SaaS solution hosted as a managed service by Microsoft and its partners. While many of its ERP components are natively developed, Dynamics 365 is extended by partner solutions for vertical industry-specific capabilities. Microsoft has enhanced Dynamics 365's project task management support through ERP-embedded Microsoft Project functions, and has recently added enhanced xP&A, AI and generative AI capabilities.

Strengths

- **Large-enterprise FMS capabilities**: We often see Microsoft competing against vendors of solutions focused on the large and global segments of the market. Microsoft offers a broad core financial management solution for midmarket and large organizations that is well-integrated with Microsoft Dynamics 365 customer engagement applications, Microsoft 365 and the Power Platform.

- **Microsoft Azure platform capabilities:** By drawing on the Azure cloud platform's capabilities, Dynamics 365 has out-of-the-box integrations with a rich set of enterprise-class platform services, such as Microsoft Power BI, Power Apps and Dataverse. Customers that use these Microsoft tools may view this integration as an attractive differentiator.
- **Procurement capabilities:** Microsoft Dynamics 365 has procurement capabilities for buying products or services through procurement catalogs, vendor catalogs or external catalogs, depending on the procurement categories involved and the organization's policies for direct and indirect procurement. Advanced spend analytics, made available through the acquisition of Suplari, will be soon integrated into Dynamics 365 Business Performance Analytics.

Cautions

- **Global and complex customer references:** Global and complex enterprises report difficulty finding references that have implemented Microsoft Dynamics 365 on a large scale.
- **HR functionality:** Microsoft Dynamics 365 product has major functional gaps in terms of payroll, recruiting, career and succession management, workforce planning, and integrated HR service management. Furthermore, the product is relatively untested in the large-enterprise market (that is, by organizations with more than 1,000 employees).
- **Advanced sourcing and contract life cycle management functionality:** Catalog punchout requires the transfer of a shopping cart from the supplier catalog to Microsoft Dynamics 365, as there is no single cart for an integrated workflow.

Microsoft (Dynamics 365 Business Central)

Microsoft is a Niche Player in this Magic Quadrant with Microsoft Dynamics 365 Business Central. This is a solution for enterprises in the lower midmarket segment; clients are typically enterprises that generate less than \$150 million in annual revenue in the Americas, EMEA and Asia/Pacific. It is a fully managed cloud solution delivered from Microsoft data centers. For HR and operational capabilities, it relies heavily on partner solutions available on the Microsoft AppSource store, but it has native financial capabilities. Microsoft is starting to enhance this suite through embedded AI and generative AI capabilities that should be generally available in the second half of 2023.

Strengths

- **Market positioning:** Microsoft Dynamics 365 Business Central is a viable choice for customers looking for a robust, horizontal solution for basic accounting requirements, supported by a wide range of Microsoft partners in multiple regions of the world.
- **Market momentum:** Business Central customer adoption levels are growing consistently. This is in many cases caused by a high number of customers moving away from outdated versions of Microsoft NAV, GP and SL, supported by migration programs designed to help speed up such initiatives.
- **Integration with Microsoft stack:** Microsoft integrates Dynamics 365 Business Central seamlessly with other Microsoft offerings commonly used by small and midsize customers, such as Microsoft 365, Power BI, Teams, Power Platform and Dynamics 365 CRM.

Cautions

- **HR functionality:** Gartner's interactions with existing and prospective customers of Microsoft Dynamics 365 Business Central reveal that its native HR capabilities are still considered too simple and suitable only for small and/or low-complexity organizations seeking a lightweight system of record for HR. Customers wanting a comprehensive suite will need to rely on solutions with prebuilt integrations to Business Central available in AppSource.
- **Manual consolidation across subsidiaries:** The decoupled architecture of Microsoft Business Central means that subsidiaries' data is not automatically rolled up – it must be manually consolidated. Third-party solutions available in Microsoft's ecosystem can ease this task – and Microsoft plans to address this issue further – but most of the modern solutions from vendors in this Magic Quadrant seamlessly deliver multicountry and intercompany financial consolidation. According to Microsoft, at the time of the publication of this research, solution improvements are planned for 2023 to address this matter.
- **O2C functionality:** Microsoft Dynamics 365 Business Central has very few native O2C capabilities for relatively complex organizations with more than \$150 million in annual revenue.

Oracle (Fusion Cloud ERP)

Oracle is a Leader in this Magic Quadrant with Oracle Fusion Cloud ERP. This is a modular and configurable SaaS solution for upper-midmarket and large-enterprise service-centric organizations. Its clients are spread across the Americas, EMEA and Asia/Pacific. This is a fully managed cloud solution that runs either in Oracle data centers or in an Oracle Cloud at Customer tenant. Oracle provides the extensive ERP capabilities required by many service industries, while integrating third-party solutions for customers adopting composable architecture for specialized capabilities. Building on its ERP foundation, Oracle now also provides industry-specific AI capabilities via its Oracle B2B Strategy.

Strengths

- **Operational ERP.** Oracle Fusion Cloud ERP has mature cloud financial management, people and third-party resource management, project management, procurement, xP&A and O2C capabilities. Midsize, large and global enterprises have successfully used and derived value from Oracle Fusion Cloud ERP.
- **Support for specific industries:** The acquisition of Cerner in 2022 significantly boosted Oracle's ability to deliver ERP software in the healthcare market. Oracle Fusion Cloud ERP also has strong capabilities in other service-centric industries, such as financial services, professional services and government.
- **Technology platform:** Oracle provides strong application and data integration, extension development and analytics development capabilities through the platform provided with Oracle Fusion Cloud ERP.

Cautions

- **Workforce scheduling capabilities:** Although Oracle's general HCM capabilities are rated highly by many customers, complex demand-based worker scheduling has been historically lacking. Oracle Cloud HCM has recently delivered a new demand-based workforce scheduling and labor optimization solution (through utilization of the acquisition of Cerner) aimed at the complex needs of healthcare to balance patient care and worker demand. While it may have been designed to work in other industries, such as retail and manufacturing, Gartner isn't aware of any live clients doing so at the time of writing.
- **Price:** Although Oracle Fusion Cloud ERP has extensive capabilities, customers report that the price initially proposed can be high. Customers report they have to negotiate robustly to maintain discounts and manage pricing.
- **Adoption by existing small and midsize Oracle customers:** There are many small and midsize customers of Oracle PeopleSoft and E-Business Suite applications that report Oracle Fusion Cloud ERP may be too complex for them to consider in a migration move. Customers in this segment of the market should look for the different options available, including staying supported through the Oracle Applications Unlimited program.

Oracle (NetSuite)

Oracle is a Challenger in this Magic Quadrant with NetSuite. NetSuite is a comprehensive ERP suite solution for midmarket service-centric enterprises. Most of its clients are in the Americas, with smaller percentages in EMEA and Asia/Pacific. It is a fully managed cloud SaaS solution that runs exclusively in Oracle or NetSuite-owned data centers. Oracle has partnerships to expand NetSuite's vertical-specific functionality in the areas of O2C, HR and procurement. In addition, NetSuite has recently released workforce management, CPQ, data warehouse and analytics capabilities for service-centric enterprises.

Strengths

- **Global presence:** NetSuite presence extends to all regions of the world. Oracle's data center expansion and sales office presence has helped increase NetSuite business in countries in Asia/Pacific and South America. In addition, NetSuite is continuing to work to deliver more embedded localization features in terms of language, taxes, currency and regulatory compliance.
- **Professional services automation:** NetSuite has historically demonstrated strong capabilities for midsize professional services automation, particularly in the O2C value stream. NetSuite's PSA customers have used the suite's ERP capabilities to manage growth in the upper midsize market.
- **Preconfigured implementation:** The NetSuite SuiteSuccess program has created industry-focused preconfigured implementation templates for multiple service-centric businesses to accelerate the initial stages of implementations. This approach suits most of the industries that NetSuite targets, and is flexible enough to respond to unique business requirements.

Cautions

- **Extended planning and analysis:** Although NetSuite has added xP&A capabilities in the past two years, some planning models vital to service-centric industries are still missing. Examples are planning models for project financials and integrated workforce planning with third-party workers.
- **Project resource management:** Customers appreciate that they can use NetSuite to manage internal employees' resources and availability well, but the suite cannot do the same for third parties' workers.
- **Product innovation:** While NetSuite adoption continues to grow and multiple functional improvements are made to capabilities, more significant innovations have not kept pace with other market leaders, including intelligent/AI-enabled application features.

Sage

Sage is a Niche Player in this Magic Quadrant. Its Sage Intacct product is a targeted solution for lower-midmarket organizations. Its clients are mainly in North America, but it also has an emerging presence in select European countries. This is a fully managed cloud solution, mainly focused on financial management applications. It includes a planning solution with capabilities developed in-house. For other capabilities in many areas, Sage relies on partner solutions. It is investing heavily in S2P automation to broaden its financial offering.

Strengths

- **Finance capabilities:** Sage has a strong vision for how to bring new technology into finance processes. Besides using AI to eliminate the financial close by enabling continuous auditing to detect anomalies, a new automated AP capability is a highlight.
- **Native FP&A solution:** Sage has its own FP&A solution — Sage Intacct Budgeting and Planning. A seamlessly integrated solution, it is intended for lower-midsize enterprises.
- **HR and project management:** Sage is one of the few Niche Players to offer native recruiting and learning capabilities. Its product also has strong project accounting capabilities.

Cautions

- **Global reach:** Although Sage has expanded into key English-speaking markets around the world and plans to expand more aggressively into EMEA, it still has only a limited presence outside North America.
- **Native HR capabilities:** Sage relies heavily on partners to deliver HR capabilities. It has no native capabilities for benefits administration, career and succession management, and HR service management.
- **Procurement footprint:** Sage does not offer a complete P2P solution. Purchasing features are part of its core financial functionality. Payment automation automates the supplier payment process using AI-powered bill ingestion and fully automated payment options. Supplier sourcing and evaluation are available through partner solutions.

SAP (Business ByDesign)

SAP is a Niche Player in this Magic Quadrant with SAP Business ByDesign. This offering is aimed mainly at midmarket organizations, but has also attracted some large organizations. It has clients in the Americas, EMEA (the largest market for this offering) and Asia/Pacific. It is a fully managed cloud solution. It includes native capabilities for financial management and procurement applications, but often relies on partners' solutions in other functional areas. It is starting to leverage enhanced integration with SAP Business Technology Platform (BTP) to supplement core ERP capabilities.

Strengths

- **Technology platform:** SAP's HANA technology and the availability of the SAP Business Technology Platform enables its customers and partners to build unique capabilities required by their industry or region. SAP BTP may allow customers an alternative to more modern customization techniques (low-code, for example) or access to AI capabilities.
- **Administrative ERP for SMEs:** SAP provides sufficient accounting and procurement capabilities for its target market of midmarket enterprises. Business ByDesign can also be used to provide ERP for smaller businesses and integrate with other ERP systems in a two-tier arrangement.
- **Professional services:** SAP Business ByDesign's customers include a significant number of relatively small professional services firms. They use its advanced project staffing, management and accounting capabilities.

Cautions

- **Innovation investment:** According to SAP, Business ByDesign is considered functionally complete and future updates will be related to upholding SAP product standards, including compliance and regulatory changes. However, through multiple sources and data points, including current client feedback, Gartner believes there are signs of a slowing product roadmap.
- **Service industry strategy:** SAP provides many of the administrative and operational ERP capabilities required by service-centric industries. However, new industry add-ons and special solutions from partners will be built in BTP for consumption by customers, rather than building into SAP Business ByDesign.
- **GROW with SAP for SAP S/4HANA:** SAP has introduced the GROW with SAP program that targets midsize businesses with a bundle of products and services, including SAP S/4HANA Cloud, public edition. Consequently, there may be conflict between sales teams offering different products to the same customer.

SAP (S/4HANA Cloud)

SAP is a Leader in this Magic Quadrant with SAP S/4HANA Cloud, public edition. For this Magic Quadrant, we evaluated only this edition, which satisfies the inclusion criteria. The product is a

targeted solution for midmarket, large and global enterprises. SAP has a global reach, and clients in the Americas, EMEA and Asia/Pacific. SAP S/4HANA Cloud, public edition is sold both directly to customers and via implementation partners' channels. It is a fully managed SaaS cloud solution. It has financial management, O2C, HR, indirect procurement and vendor management capabilities, and SAP is adding sustainability features such as a "green ledger."

Strengths

- **Financial management product vision:** SAP S/4HANA Cloud, public edition offers finance features such as consolidation of multiple global entities (including integration with non-SAP systems), treasury and cash management, and native integration with SAP Analytics Cloud xP&A content.
- **Services and indirect procurement:** SAP provides service-centric enterprises with many avenues for procuring and managing third-party resources and assets. Most of these are in S/4HANA Cloud, but SAP's Fieldglass and Ariba e-procurement and supply chain cloud solutions broaden the scope of capabilities.
- **Enablement of continuous improvement:** With the incorporation of SAP Signavio as part of the typical commercial bundle (e.g., RISE with SAP or GROW with SAP), service-centric enterprises may have a means of establishing and observing benchmarks in key value streams in order to manage service for customers. This may ease adoption of industry best practices.

Cautions

- **Multiple product and sales programs:** For service-centric enterprises that want to adopt SAP S/4HANA, SAP offers a number of product flavors that go beyond SAP S/4HANA Cloud, public edition. However, the options are not always easy for customers to understand, which leads to delays and confusion in contracting.
- **Presence in some service industries:** Although SAP S/4HANA Cloud, public edition, has more than enough live customers to merit inclusion in this Magic Quadrant, it has comparatively few in industries like healthcare, higher education and hospitality.
- **Contract life cycle management:** For service-centric organizations, contract life cycle management is critical for customer, service and revenue management. Based on Gartner analysis, the native contract life cycle management capabilities is considered a limited capability. Customers requiring more sophisticated functions may need to consider alternate partner product solutions.

Workday

Workday is a Leader in this Magic Quadrant. Workday Enterprise Management Cloud is aimed at upper-midmarket, large and global organizations, but also has many customers with annual revenue of less than \$150 million. It has clients in the Americas, EMEA and Asia/Pacific. It is a fully native cloud solution. Workday provides embedded industry-specific capabilities for select industries and offers extended capabilities primarily through partners. Workday continues to

enhance its machine learning-driven capabilities and analytics for HR and financial management capabilities.

Strengths

- **Extended planning and analysis:** Workday has incorporated key xP&A capability within its Workday Enterprise Management Cloud to provide many of the planning models needed by service-centric businesses, such as those for workforce management, budgeting, financial planning, combined employee and third-party resource planning, and project-based financials.
- **Advanced HR capabilities:** Workday Human Capital Management is one of the leading HR solutions, and it combines well with Workday Enterprise Management Cloud to provide innovative capabilities for service-centric enterprises. Workday has made key innovations in the areas of skills management, employee sentiment and extended workforce management.
- **Workday financial management capabilities:** Workday Accounting Center enables Workday to ingest subledger activity from other systems and gain a unified close, reporting and analytical capability.

Cautions

- **Payroll localization:** Workday offers payroll localization in six countries, which is fewer than other major vendors in this market. Customers in service industries with operations in other countries have to use third-party providers to meet all their payroll requirements.
- **Industry solutions:** For several years, Workday's focus has been service industries, for which, in the past two years, it has introduced industry accelerators and partner solutions. However, it currently targets a limited number of industries, and has chosen from one to three partners to develop solutions for those industries. Enterprises that have non-service-centric needs have either to rely on third-party solutions or create their own.
- **Source to pay:** Enterprises seeking sophisticated S2P capabilities may have issues with such Workday functions as contract origination and management, which are not as strong as those of other Leaders in this Magic Quadrant.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

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Added

None. Note, however, that Certinia appears for the first time as the name of the company formerly called FinancialForce.

Dropped

Infor. This vendor did not satisfy the inclusion criterion for the number of live customers with annual revenue of more than \$75 million. Additionally, it has announced a shift in its go-to-market approach – it will focus on the healthcare, financial services, HCM and public sectors in North America, as opposed to the broader, global focus required for inclusion in this Magic Quadrant.

Inclusion and Exclusion Criteria

Magic Quadrant research identifies and analyzes the most relevant providers and their products in a market. As such, several criteria elements were considered prerequisites for a vendor to be considered in this year's version of the Magic Quadrant.

From Gartner's perspective, a service-centric cloud ERP suite must provide, as a minimum, financial management, S2P and human resource functionality. Optionally, the vendor may offer other operational ERP capabilities (such as project management and enterprise asset management) either directly or through industry vertical packages with partners – however, no partner solutions were considered as part of this evaluation, only the suite-embedded functionalities described above.

The offering of specialized industry-specific modules was considered a plus, rather than a requirement, for inclusion in this Magic Quadrant and we did not rate any specialized industry-specific modules.

Product capabilities/functionalities:

- Financial management – General ledger, accounts payable, accounts receivable, fixed assets, cash management and financial planning.
- Order-to-cash – Provide a substantial component of functionalities by vertical as described in the market definition. Examples include external integration to ingest sales orders and convert to customer orders, manage project and services provided to customer, project accounting, simplified and complex billing, account management, and revenue recognition.
- Human capital management – Provide administrative HR capabilities such as core HR data management, employee life cycle transactions, and position management. May also include payroll and benefits administration. It should also provide support to talent management, including a minimum of three of the following functions: recruiting, onboarding, performance and goals management; career and succession management; learning management; and compensation management. It is expected that the aforementioned functions support employee and manager self-service via browser and mobile application.
- Source-to-pay – Includes e-sourcing, contract management, e-purchasing, AP Invoice automation, supplier management, collaboration and payments can involve supplier master

data, order confirmations and changes through a network or portal.

- Operational ERP – To support service-centric industries, such as xP&A, project management (for project-centric capabilities), planning, services procurement and real estate lease management.

Market presence:

- The vendor must serve at least 500 organizations with annual revenue/expenditures/funding of more than \$75 million in production using the ERP application. Each of those organizations must be live with at least three of the components (modules) of operational ERP – including finance, HCM and procurement. Vendors must be prepared to provide evidence of sufficient in-production customers. If a vendor chooses not to disclose this information, Gartner may use its own market research, as well as insights from public sources, to judge that vendor's eligibility for inclusion and viability.
- These 500 organizations must be managing at least \$150 million annually through the ERP suite. The annual revenue of a parent organization cannot be used when only a smaller subsidiary uses the cloud service as a lower-tier ERP.
- The vendor must actively sell and market the cloud service (and have live users of the cloud service in the qualifying revenue ranges) outside of its home region. Gartner defines regions as the following: Americas (North, South and Central America), EMEA and Asia/Pacific. At least 25% of the cloud service revenue must be from outside the vendor's home region.
- The vendor must have at least \$75 million in booked subscription and support revenue for the ERP suite cloud service only (that is, excluding any revenue from on-premises, hosted, managed cloud service or other deployment models) from January 2022 through December 2022 (or whichever 12-month accounting period most closely aligns with that period). Unrealized recurring revenue may not be included. If a vendor chooses not to disclose revenue information, Gartner may use its own market research, as well as insights from public sources, to judge that vendor's eligibility for inclusion and viability.

Cloud service attributes:

The ERP suite must be deployed as a cloud service, meeting these attribute definitions:

- Responsibility:
 - The vendor must manage all technology infrastructure either in its own data centers or in third-party data centers.
 - The vendor must implement upgrades as part of the cloud service, not using a third party or managed service provider.
- Licensing and technology:

- The cloud service must be licensed on a subscription basis or metered pay for use.
- Users cannot have a contract that is only for them (except for minor adjustments), nor can they be provided with a version different to that offered to other cloud customers.
- The cloud service must use internet technologies. Use of internet files, formats and identifiers are necessary for delivery of cloud service interfaces.
- Computing resources used to support the cloud service should be scalable and elastic in near real time, rather than based on dedicated hardware/infrastructure.
- Customization:
 - Modification of source code should not be possible. Configuration via citizen developer tools and extension via PaaS (partner, vendor or user) is allowed.
- Pace of change:
 - A single code line is used for all customers of the cloud service to allow rapid deployment of new functionality by the vendor.
 - The vendor must deliver at least two upgrades containing new functionality per annum to all users of the cloud service and control the pace of the update cycle. All customers must be on the current upgrade version before the release of the next upgrade version.
 - The vendor must offer self-provisioning capabilities for the service (at least for development and test instances) without involvement of its own staff.
 - The technology used to deliver the service must be shared by multiple customers in order to create a pool of resources from which elasticity can be delivered.

All of the above inclusion criteria must relate to a cloud service based on a single code line with a unique UI and data model. For vendors offering multiple cloud ERP suites each with its own code line, each must meet the inclusion criteria above; for example, each cloud ERP suite must have at least 500 organizations in production.

This Magic Quadrant reflects Gartner's definition of "composable ERP." We define this as an adaptive technology strategy that enables the foundational administrative and operational digital capabilities for an enterprise to keep up with the pace of business change. This strategy delivers a core of composable applications and as-a-service software platforms that are highly configurable, interoperable and flexible to adapt to future modern technology.

Consequently, if a vendor's cloud ERP suite consists of capabilities from different code lines, that vendor was included in the Magic Quadrant, provided that its solution:

- Has predefined workflow integrations
- Uses vendor-supported integration technologies

- Is positioned as a component of a broader “solution,” rather than as a stand-alone product in the vendor’s portfolio, and the vendor has users of the full solution in production

The extent of vendors’ support for country-specific cases varies, however, as does the availability of their solutions in multiple languages. Nevertheless, to appear in this Magic Quadrant, each vendor had to actively market and sell its solutions outside its home region, which means that every vendor in this Magic Quadrant operates internationally, if not globally. Application leaders should draw up a list of required languages and localizations at the start of any evaluation of vendors’ service-centric ERP suites. This will help eliminate vendors that cannot meet your needs early in the process.

Honorable Mentions

The following vendors did not qualify for inclusion in this Magic Quadrant but nevertheless merit consideration by enterprises with particular needs in certain industries or regions:

- **Ramco Systems:** This vendor did not satisfy the criterion for minimum yearly booked revenue (\$75 million) from its cloud service ERP suite.
- **TOTVS:** This vendor focuses on Latin America and did not meet the criterion for selling cloud solutions outside its home region.
- **Unit4:** This vendor did not satisfy the criterion for minimum yearly booked revenue (\$75 million) from its cloud service ERP suite.
- **Yonyou:** This vendor focuses on Asia/Pacific and did not satisfy the criterion for selling cloud solutions outside its home region.

Evaluation Criteria

Ability to Execute

Gartner assesses vendors’ Ability to Execute by evaluating the products, technologies, services and operations that enable them to be competitive, efficient and effective in this market, and that benefit their revenue, client satisfaction and retention, and general reputation.

Each provider’s Ability to Execute is judged by its success in fulfilling its promises, using the following criteria:

- **Product or Service:** This criterion assesses the product offerings that compete in the defined market. These may be offered natively or through OEM agreements and partnerships, as defined in the Market Definition/Description section and detailed in any subcriteria. This Magic Quadrant evaluates functional capabilities in all areas defined in the Market Definition/Description section, support for the needs of midsize, large and global enterprises, and the ease with which the cloud service can integrate with other cloud/on-premises applications.

- **Overall Viability:** This criterion includes an assessment of the vendor’s overall financial health, as well as the financial and practical success of the relevant business unit. It considers the likelihood of the vendor continuing to offer and invest in its product, as well as the product’s position in its portfolio.
- **Sales Execution/Pricing:** This criterion assesses the vendor’s abilities in all presales activities and the structure that supports them. Included here are deal management, pricing and negotiation, presales support, and the sales channel’s overall effectiveness. Each vendor is also evaluated on its ability to sell ERP.
- **Market Responsiveness/Record:** This criterion assesses the vendor’s ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customers’ needs evolve and market dynamics change. The market for cloud ERP suites is dynamic, so this criterion addresses the vendor’s ability to respond to users’ needs and demands. This includes its responses to the demands of delivering service-centric ERP applications in the cloud, which pose new challenges for both vendor and user.
- **Marketing Execution:** This criterion assesses the clarity, quality, creativity and efficacy of programs designed to convey the vendor’s message, in order to influence the market, promote a brand, increase awareness of products and establish a positive identification in customers’ minds. This “mind share” can be created by a combination of publicity, promotions, thought leadership, social media use, referrals and sales activities.
- **Customer Experience:** This criterion assesses the vendor’s products, services and programs in terms of how they enable customers to achieve expected results with the products evaluated. Considerations include the quality of technical support for vendor-buyer interactions and account support. Also assessed is the vendor’s ability to make its marketing vision a reality and help finance teams complete the transition from on-premises to cloud deployment.
- **Operations:** This criterion assesses the vendor’s ability to meet its goals and commitments. Factors include the quality of the organizational structure, skills, experiences, programs, systems and other means that enable the organization to operate effectively and efficiently. In particular, we analyze the vendor’s ability to deliver a robust and reliable cloud service, and its associated support and service capabilities (whether provided directly or through partners).

Table 1: Ability to Execute Evaluation Criteria

<i>Evaluation Criteria</i> ↓	<i>Weighting</i> ↓
Product or Service	High
Overall Viability	High

Evaluation Criteria ↓	Weighting ↓
Sales Execution/Pricing	Medium
Market Responsiveness/Record	High
Marketing Execution	Medium
Customer Experience	High
Operations	High

Source: Gartner (August 2023)

Completeness of Vision

Gartner assesses vendors' Completeness of Vision by evaluating their ability to articulate their perspectives on the market's current and future direction, to anticipate customer needs and cloud technology trends, and to tackle competitive forces.

Each vendor's Completeness of Vision is judged on its understanding and articulation of how market forces can be exploited to create new opportunities for itself and its clients, using the following criteria:

- **Market Understanding:** This criterion assesses the vendor's ability to understand customers' needs and relate those needs to products and services. Vendors with a clear vision of their market listen to and understand customers' demands and can shape or enhance the market. We analyzed vendors' understanding of how the market for core financial management suites is shifting to the cloud and what that means for finance functions.
- **Marketing Strategy:** This criterion looks for clear, differentiated messaging that is communicated consistently both internally and externally through social media, advertising, customer programs and positioning statements. We analyze how effective a vendor's marketing strategy has been at raising awareness of it in this new and evolving market.
- **Sales Strategy:** This criterion looks for a sound strategy for selling that uses appropriate networks, including direct and indirect sales, marketing, service, and communication networks.

It also assesses any partners that extend the scope and depth of the vendor’s market reach, expertise, technologies, services and customer base.

- **Offering (Product) Strategy:** This criterion looks for an approach to product development and delivery that emphasizes market differentiation, functionality, methodology and features in light of current and likely future requirements.
- **Business Model:** This criterion assesses the suitability of the design, logic and execution of the vendor’s business proposition in terms of the likelihood of achieving continued success.
- **Vertical/Industry Strategy:** This criterion assesses the vendor’s strategy to direct resources (sales, product and development), skills and products to meet the specific needs of individual market segments, including industries. Each vendor was assessed on its strategy for service-centric industries. However, as cloud core financial management suites are primarily a cross-industry solution, this criterion has a low weighting.
- **Innovation:** This criterion assesses direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or preemptive purposes. In particular, we analyzed each vendor’s strategy for using cloud delivery as a way of bringing innovation to the ERP function and ERP processes.
- **Geographic Strategy:** This criterion assesses the vendor’s strategy for directing resources, skills and offerings to meet the needs of areas outside its home region, either directly or through partners, channels and subsidiaries, as is appropriate for that region and market. We evaluated each vendor’s strategy for providing the localizations and translations required to support multinational and global organizations. We also assessed each vendor’s global go-to-market approach.

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Medium
Sales Strategy	High
Offering (Product) Strategy	High

Evaluation Criteria ↓	Weighting ↓
Business Model	Low
Vertical/Industry Strategy	Medium
Innovation	Medium
Geographic Strategy	High

Source: Gartner (August 2023)

Quadrant Descriptions

Leaders

Leaders demonstrate a market-defining vision of how service-centric ERP systems and processes can be supported and improved by moving them to the cloud. They couple this with a clear Ability to Execute this vision through products, services and go-to-market strategies. They have a strong presence in the market and are growing their revenue and market share. In this market, Leaders show a consistent ability to secure deals with enterprises of different sizes and have a good depth of functionality across all areas of core financial management. They have multiple proofs of successful deployments by customers, both in their home region and elsewhere. Their offerings are often used by systems integrator partners to support financial transformation initiatives.

Leaders typically address a wide market audience by supporting broad market requirements. However, they may fail to meet the specific needs of vertical markets or other, more specialized segments, which might be better addressed by Niche Players in particular. They may also be too complex to deal with or too costly to be considered in less complex functional scenarios.

Challengers

Challengers have greater market presence than Niche Players and Visionaries. They may have developed a substantial presence in one area of the market, but they lack a sufficiently broad vision to execute consistently more widely in the market. They tend to have a viable and proven cloud service, but they focus on a specific size of enterprise or selection of industries.

Challengers can become Leaders if they develop their vision for, and focus on, this market. Over time, large companies may move between the Challengers and Leaders quadrants as their product cycles shift and market needs change.

Visionaries

Visionaries understand how the organization is changing as it moves to a cloud service-centric ERP system. They have a good vision for technology and functionality, but are limited in terms of their Ability to Execute or a demonstrable track record. Their solutions attract enterprises that want to move service-centric capabilities aggressively to the cloud, and they may have some differentiating functional capability. Visionaries are typically limited in terms of market presence, geographic presence outside their home region, and the market's awareness of them and their products. User organizations should therefore closely evaluate the extent of Visionaries' presence in their industry segment and region.

Visionaries may become Challengers or Leaders, depending on how they strengthen their go-to-market capabilities and whether they can develop partnerships that complement their strengths.

Niche Players

Niche Players offer service-centric ERP capabilities, but are limited in both their Completeness of Vision and Ability to Execute, and may not have the full footprint of capabilities. Instead of a strong cloud technology vision, some may offer narrower cloud platform capabilities or industry focus. Although they do sell and market these applications on a stand-alone basis, this is neither their focus nor part of their primary go-to-market strategy. Consequently, they typically have a weaker vision for business transformation needs than do Leaders and Visionaries. They may also target specific industries or company sizes with deeper functionality – for example, several Niche Players focus on project-centric and midsize enterprises.

A Niche Player may be suitable for your requirements, and all Niche Players in this Magic Quadrant should be considered viable contenders. If you like what a Niche Player offers, your evaluation should assess how well-aligned that vendor is with the market's direction and your potential business strategic direction. A Niche Player may be a risky choice if this assessment shows it is not following the trends of your specific industry or market.

Context

Gartner's client inquiry data shows that interest in service-centric ERP suites is increasing significantly. Many application leaders and senior finance users believe that moving to the cloud will enable them to easily avoid the challenges they face with on-premises ERP applications – such as cumbersome UIs, too much customization, and expensive, hard-to-manage upgrades. Although all of the solutions featured in this Magic Quadrant offer the potential to address some or all of these challenges, you still need to prepare for issues in the following areas when moving to the cloud:

- **Change management.** End users are frequently change-averse. Getting them to move from heavily customized systems to standardized processes in SaaS solutions requires strong change management capabilities. Realizing cost savings by reducing internal IT costs. This means that ERP users must take a greater role in application configuration, management and testing. Most user teams are not equipped to do this without significant support from IT.

- **Integrating ERP with on-premises systems and other cloud services.** This requires different integration strategies, as well as integration tools and techniques with which your IT department may not be familiar.

Not all ERP components will require the same level of change management. Implementing core financial systems is often the most difficult capability of the ERP suite to implement, given the significant impact on financial process changes and regulatory considerations. Finance is therefore often selected after HR and procurement cloud migration projects. Still, to ensure ERP success, the finance implementation is critical, and often a “finance-first” approach is planned. A finance-first ERP implementation helps coordinate efforts to make timely decisions that lead to improved organization performance. It gives a diverse set of stakeholders the ability to rally around a core set of financial measurements, and delivers early benefits by improving the enterprise’s ability to measure business performance throughout the transformation journey (see [Deliver Finance First to Transform ERP With Purpose](#)).

Market Overview

The ERP market continues to represent a significant portion of the enterprise applications market. According to Gartner’s analysis, worldwide ERP software revenue grew by 8% to a market value of \$44 billion in total software revenue. The SaaS ERP market share is close to \$26 billion, and grew at the market average of 16.9%, driven primarily by the rapid adoption of financial management solutions and human capital management among businesses of all sizes.

Service-centric organizations continue to move ERP platforms to the cloud. Vendors are differentiating functional innovation and integration to increase digital dexterity. Consistent with our observations in the prior generation of this Magic Quadrant, service-centric organizations are embracing the move to the cloud faster than product-centric organizations. This is mainly due to the reduced complexity of order-to-cash and supply chains for service-centric organizations compared with product-centric. Many service-centric organizations see the cloud as a way of increasing value by improving the flexibility and mobile accessibility of ERP deployments. Cloud also improves productivity by providing an effective and efficient approach to automate service-centric business processes. Service-centric ERP implementations have achieved improvements due to more robust functionality to support business processes. More of the business processes supported by service-centric ERP offerings have achieved improvements due to more robust and more complete functionality in these solutions.

Gartner is observing a strong trend in our client inquiries to combine various disciplines in service-centric industries. This is also being done within the context of a composable application architecture, with the ERP solution being considered for a larger footprint due to the availability of new components (e.g., xP&A). We also observe many organizations wanting to better plan their order-to-cash strategy and leverage a consolidated solutions approach where possible, while still mainly selecting the best fit-to-function for their applications. With O2C being tightly linked with FMS and procurement, many organizations see the value of a more integrated approach to ERP, rather than buying core financials and extensions as a one-off.

Many of the ERP solutions focused on service-centric industries are becoming more robust in the depth of coverage, with many of them rivaling the capabilities of the best of breed. This trend will continue as more functionality makes its way into the suite, increasing the compelling rationale to seek a more integrated service-centric ERP approach.

The emergence of digital business has, in recent years, impacted service-centric organizations by disrupting many traditional business models in industries such as car service (DiDi Global, Lyft, Uber), hospitality (Airbnb and Vrbo) and streaming media (Netflix, Pluto TV, Tubi). Consequently, moving the administrative business processes to the cloud shifts the support functions toward further digital transformation of the business. Emerging technologies like AI further improve digital processes that can enhance user experience through content recommendation, automated content accessibility or smart resource management, as examples.

Furthermore, today's service-centric ERP offerings provide an improved approach for organizations to manage and excel at composability. Enterprises can design solutions composing ERP modules along with additional applications that best meet their requirements. Sometimes this means choosing components that are outside of the service-centric ERP domain (e.g., billing, contract management).

Many organizations choose service-centric ERP solutions by evaluating the best-fit solution for main pillars: financial management (including planning and operations support), HCM, procure to pay and PSA. Our core financials coverage at Gartner shows that, more often than not, organizations that desire to consolidate these capabilities into a single vendor/solution approach for ERP still need to keep a composable mindset across all the above domains. Additionally, they may not end up with a single vendor approach.

The service-centric cloud ERP market is healthy, with numerous vendors offering competitive solutions for midsize and large organizations. No single vendor dominates the market, though for large organizations there are several vendors that account for the majority of new and existing solutions. For midsize organizations, a large number of vendors are offering products, some focusing on certain geographies or sectors within the service industry. However, those solutions may not have the same functional breadth and depth as solutions targeted at large organizations.

The vendors in this Magic Quadrant all actively sell and market service-centric ERP to midsize and large organizations on a stand-alone basis, even if they have a broader ERP suite offering. Although some vendors sell opportunistically to small businesses, this Market Guide does not cover service-centric ERP targeted exclusively at small businesses.

Acronym Key and Glossary Terms

ERP	enterprise resource planning
FMS	financial management suite
HCM	human capital management

O2C	order-to-cash
xP&A	extended planning and analysis

Evidence

Gartner used several sources of input for the inclusion criteria, market definition and vendor evaluations in this report. The primary sources of data include:

- Author interactions with over 1,000 end-user clients on their ERP application strategy since 2021.
- Peer Insights survey data through 31 January 2023, blended together with demo, special survey and inquiry insight.

The evaluation of vendor products for many of the categories were developed using a multianalyst approach, where finance, O2C, HCM, procurement and operations were evaluated separately to be later consolidated to create a weighted-score. The weights were based upon the main drivers of purchasing a service-centric ERP based upon years of inquiry from Gartner clients, as well as the combined experience of the authors.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and

organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

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