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The Forrester Wave™: AP-EIPP, Q2 2008

by Duncan Jones
for Sourcing & Vendor Management Professionals



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Basware Leads For Products That Streamline The Invoice-To-Pay Process, But Other Vendors Also Have Strong Offerings

by **Duncan Jones**

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EXECUTIVE SUMMARY

In Forrester's 78-criteria evaluation of accounts payable electronic invoice presentment and payment (AP-EIPP) vendors, we found that Basware leads the pack, closely followed by Ariba, JPMorgan Xign, and 170 Systems. All have good invoice management capabilities combined with extensive invoice networks — 170 Systems resells OB10's network — but all the other evaluated vendors had good products and their own particular strengths that may qualify them for buyers' shortlists. Both of Oracle's EIPP products — within the E-Business Suite and PeopleSoft product lines — are leading options for companies that are already using the finance and procurement modules of those products. OB10 is a great candidate for companies wanting to add electronic invoice capture to existing workflow solutions. American Express S2S, Bottomline, PowerTrack, and TradeCard have extended their electronic payment solutions back to the invoice capture and validation process, and each has unique strengths. With so many good products available, plus several other vendors outside the top 10 that we evaluated, prospective buyers should reweight Forrester's evaluation based on their own priorities and decide which factors are most important, and which weaknesses can be overlooked.

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Forrester conducted product evaluations from January 2008 to March 2008 and assessed 10 vendor companies: 170 Systems, American Express, Ariba, Basware, Bottomline Technologies, JPMorgan Xign, OB10, Oracle, PowerTrack, and TradeCard.

Related Research Documents

["The EIPP Market Is Ripe For Consolidation"](#)
October 22, 2007

["ePurchasing Software Market"](#)
February 20, 2007

AP-EIPP OFFERS HUGE POTENTIAL SAVINGS OVER MANUAL PROCESSING

Manually processing suppliers' invoices costs AP departments anything from \$10 to \$100 per document, compared with \$2 or less for fully automated processing. People make more mistakes than computers do and take so long to resolve problems that their companies can't reap the benefits of early-payment discounts. Yet despite being expensive, slow, and error-prone, human beings still handle more than 90% of all business-to-business (B2B) invoices.¹

AP-EIPP products streamline the invoice-to-pay (I2P) process by receiving invoices directly from suppliers' systems, automatically validating them against supporting documents such as purchase orders (POs), and loading them into payment systems, ready to be paid. The value proposition is compelling — the best AP-EIPP products deliver operational savings, error reduction, and higher early-payment discounts. The clear, demonstrable benefits and the large, available market — enterprises lacking effective solutions — are driving rapid market growth of 33% per year.

Selection Teams Face A Bewildering Choice Of Vendors Offering Very Different Solutions

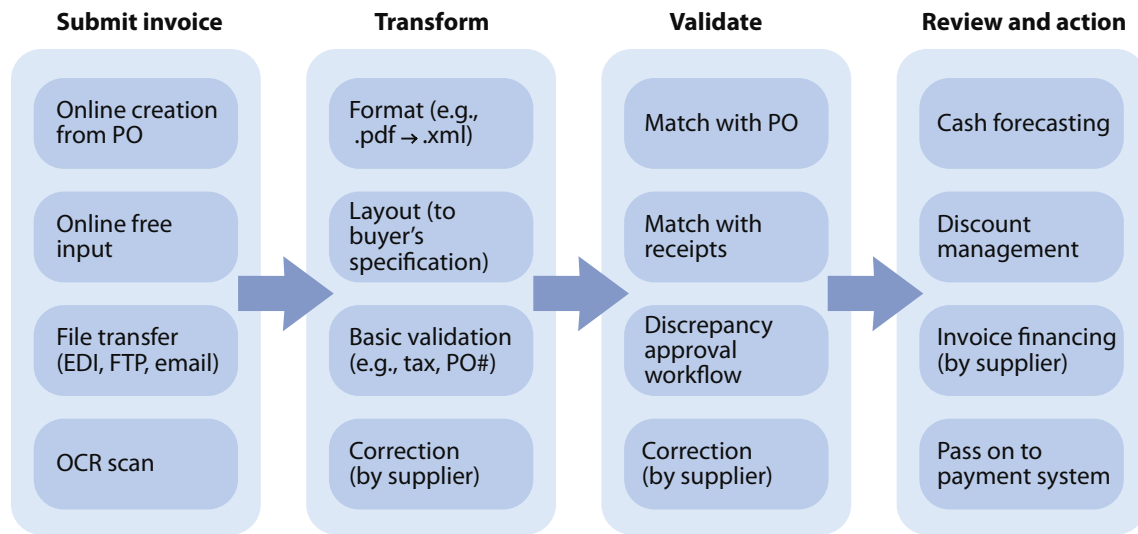
A major challenge for sourcing professionals who want to lead an AP-EIPP selection project is the diverse range of companies claiming to offer invoice automation solutions. Complete solutions will deliver four key capabilities that:

1. Enable suppliers to submit invoices electronically, straight from their own systems.
2. Transform the data into a usable format and layout.
3. Validate data, using supporting records and discrepancy approval workflows.
4. Provide process monitoring so buyers and suppliers can work together to reduce errors.

Complete AP-EIPP solutions will automate the functions necessary to support these four stages of the invoice-to-pay process (see Figure 1).

Selection teams should be wary of companies offering partial I2P solutions. There are several initiative categories, usually driven by finance executives, that improve I2P processes but fall well short of AP-EIPP (see Figure 2). Companies that promote these initiatives usually target finance's pain but miss the bigger picture. Products within these categories may have a role to play as part of a full AP-EIPP initiative, but they should be avoided as standalone projects — they will fail to realize potential savings and distract management from the fundamental issues.

Figure 1 EIPP Products Streamline Four Phases Of The Invoice-To-Pay Process



Source: Forrester Research, Inc.

Figure 2 Finance-Centric Initiatives Fail To Deliver The Full Potential Benefits

Initiative	Business rationale	Risks
Shared services	<ol style="list-style-type: none"> 1. Implement best practices 2. Cheaper staff 3. Economies of scale 	<ol style="list-style-type: none"> 1. Best savings come from auto- mation, not labor arbitrage 2. Problem resolution can be even harder with a physically remote AP function.
BPO	<ol style="list-style-type: none"> 1. Offload the problem 2. Offshoring is best left to experts 	<ol style="list-style-type: none"> 1. Same risks as shared services 2. BPO provider will reap most of the benefits of later streamlining
Single-instance ERP	<ol style="list-style-type: none"> 1. Facilitates shared services 2. Standardize on best applications and processes 	<ol style="list-style-type: none"> 1. Delay and distraction while the business waits for the "single ERP" project to deliver 2. Chosen ERP may lack best-of-breed capability, especially in supplier enablement
Document management system	<ol style="list-style-type: none"> 1. Eliminate all the paper, using scanning, OCR, and workflow 2. Supports a distributed process in which approvers are physically remote from AP 	<ol style="list-style-type: none"> 1. Subsequent processing is still largely manual. 2. Fails to focus on electronic submission and straight-through processing
Supplier self-service portal	<ol style="list-style-type: none"> 1. Cut costs of basic data entry 2. Supplier knows immediately about validation errors and approval delays 	Supplier resistance, especially if they have to load invoices on many customers' portals

Source: Forrester Research, Inc.

Document management system (DMS) vendors are a prime example. Companies such as Kofax and ReadSoft sell I2P solutions based on their core competencies of document scanning, workflow, and storage. These products do deliver an ROI and are often an important part of complete AP-EIPP solutions, handling invoices from suppliers that are unable or unwilling to connect with the buyer's EIPP system. However, the cost savings achieved by facilitating manual approval are dwarfed by the huge savings derived from full automation, so DMS should only be used as a short- to medium-term solution while all suppliers are migrated to e-invoicing.

AP-EIPP EVALUATION OVERVIEW

To assess the state of the AP-EIPP market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top AP-EIPP vendors.

Evaluation Criteria

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 78 criteria, which we then grouped into 17 categories within three high-level dimensions to provide a more comprehensible picture of vendors' strengths and weaknesses:

- **Current offering.** Forrester evaluated each product's support for each of the four phases shown in Figure 1, in addition to reporting capability and general usability. We gave most weight to functions that support fully automated processing, such as electronic submission, automated matching, and process monitoring. These categories count for more than 60% of the total score. We also gave a high weighting to customer service, particularly supplier enablement and support, which is vital to a successful EIPP implementation. The rest of the current offering score comes from an evaluation of underlying technology, support for global requirements, and the range and quality of customer case studies.
- **Strategy.** Forrester assessed the clarity and coherence of each company's product vision and the innovativeness of its R&D plans. We also looked for the financial resources and corporate focus to make them happen. Undercapitalized vendors can have big plans that they can't fulfill, but small product teams within large corporations can also struggle for resources. Last we looked at product positioning, packaging, and pricing.
- **Market presence.** We rated vendors on the basic product-specific financial dimensions of revenue and employees and also on the size of their networks in terms of customers, suppliers, and invoices processed. We estimated numbers where vendors would not disclose actual figures. The value of any EIPP service depends on its ability to deliver invoices from its customers' trading partners, either by already having them as clients or by persuading them to enroll. The value proposition to prospective suppliers is greater if several of its customers use the same network, so an EIPP

network with a stable of relevant companies already issuing e-invoices may be a better choice than one with better functionality but with insufficient penetration of the prospect's supplier base.

Below each top-level dimension, the categories and the criteria within categories were given weightings reflecting their relative importance to a typical enterprise. For example, we gave a higher weighting to a vendor's score for invoice validation capabilities than to the score for its functionality for cash flow optimization. Individual companies may assign different weightings to the criteria and hence derive a different ranking. Most products scored top marks in at least one category, proving that they would be a good choice for a company that rated those criteria particularly highly and that was prepared to overlook the vendor's weaknesses in other areas.

Forrester Evaluated 10 Vendors With Product Revenues Of More Than \$30 Million

Forrester included 10 vendors in the assessment: 170 Systems, American Express, Ariba, Basware, Bottomline Technologies, JPMorgan Xign, OB10, Oracle, PowerTrack, and TradeCard. (We evaluated both Oracle EBS and Oracle PeopleSoft, since these continue to be separate products within their own product management teams, selling into their own installed bases. We evaluated 170 Systems on the basis of its own product combined with OB10's invoice network, which it resells.) Each of these vendors has (see Figure 3):

- **Market penetration.** The AP-EIPP market is characterized by many independent vendors with relatively small market shares. Most enterprises seeking a global solution will focus on vendors with the critical mass and financial resources to ensure long-term success. Some enterprises — particularly those with diverse, autonomous business units — will allow each of its divisions to choose its own vendor based on local factors, but these companies should recognize the medium-term risk from inevitable market consolidation.
- **A complete solution.** Many different types of companies sell products in the general I2P area, but Forrester does not classify them as EIPP unless they support all four phases, mostly with their own product.²

Figure 3 Evaluated Vendors: Product Information And Selection Criteria

	Product evaluated	Product version evaluated	Version release date
170 Systems	170 MarkView Financial Suite	v 6.0	Q1, 2008
American Express	eInvoice&Pay	3rd version	Q2, 2008
Ariba	Ariba EIPP		
Basware	Basware Enterprise Purchase to Pay Solutions	v 5.0	Q4, 2007
Bottomline Technologies	Bottomline Business eXchange	v 2	Q2, 2008
JPMorgan Xign	JPMorgan Xign		
OB10	OB10 Network	3rd version	
Oracle EBS	eBusiness Suite	v 12	
Oracle PeopleSoft	PeopleSoft	v 9.0	
PowerTrack	PowerTrack Payables		
TradeCard	TradeCard EIPP		August, 2007

Vendor selection criteria

- The vendor offers a complete EIPP solution that supports all four phases of the payment process.
- The vendor has at least \$15 million in revenue from AP (i.e. inbound) EIPP including product revenue, network subscription, and implementation services.
- The vendor can provide at least two reliable customer references.

Source: Forrester Research, Inc.

Selection Teams Should View This Evaluation In The Context Of Their Key Business Issues

Forrester’s evaluation of the AP-EIPP market is intended to be merely a starting point for a company’s product selection project. The evaluated vendors offer a diverse range of capability, so readers are encouraged to view detailed product evaluations and adapt the criteria weightings to fit their business priorities. In particular, sourcing teams should use the Forrester Wave™ in the context of their company’s spend profile, application strategy, and geographical spread. Readers can amend criteria weightings to adjust for:

- **Specific functionality to handle significant spend categories.** For example, in addition to their general capabilities, Bottomline and PowerTrack also have unique functionality for validating

both legal spend and freight charges. Businesses for whom those categories are particularly significant should rate these capabilities in the overall evaluation. Similarly, some products beat their peers with PO-supported transactions, whereas firms with high proportions of non-PO invoices may favor the products that lead the pack in that area.

- **Strengths and weaknesses of existing applications, and ease of integration.** Some vendors only target customers of specific ERP applications; for example, 170 Systems works solely with companies using the financial modules of Oracle E-Business Suite, Oracle PeopleSoft, and SAP. We included Oracle E-Business Suite and Oracle PeopleSoft in this evaluation based on the assumption that they will only be considered by companies already using those products for finance or purchasing. Similarly, Ariba's EIPP solution will be of most interest to companies already using its eProcurement service. Companies that are satisfied with their AP processes and functionality may focus more on the vendors with strong supplier enablement and electronic invoice support, such as OB10, and ignore invoice management and workflow criteria.
- **Relevance of global fiscal and payment capabilities due to geographical spread of suppliers.** The North American and European markets for EIPP are very different. European companies have been doing electronic B2B payment for years and are hence not interested in features such as ACH support that are a primary driver for American companies still cutting printed checks. Conversely, companies that operate almost entirely within the US should assign little importance to lack of support for stringent European requirements related to VAT compliance from vendors such as Amex S2S.
- **Attractiveness of the vendor's commercial proposal.** The Forrester Wave summary does not take price and related factors into account because these vary too much from customer to customer. However, a commercial evaluation should be a key element of an enterprise's selection decision.³

BASWARE STAYS JUST AHEAD OF A STRONG PACK

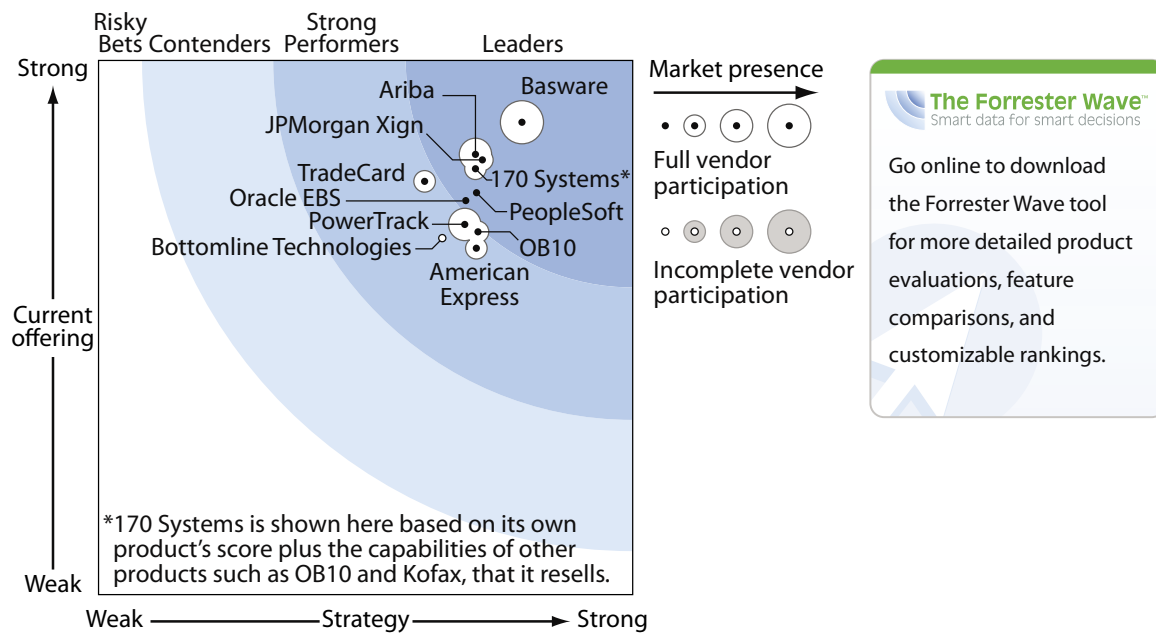
The evaluation uncovered a market in which Ariba and Basware excel overall, but all the products reviewed represent good solutions with demonstrable ROI and complementary customer references (see Figure 4). While each vendor has its own particular strengths, the Forrester Wave evaluation did give a clear hierarchy.

- **Basware leads the pack, with several others close behind.** The leading vendors combine an excellent product with an extensive supplier network. The Ariba Supplier Network (ASN) is the largest, while Basware has its own, combined with so-called roaming arrangements with several others. Basware also has a leading eProcurement product, whereas Ariba provides a full ePurchasing suite. 170 Systems scores well because it resells OB10's invoice network with its own productized, prescriptive workflow solution for users of Oracle, PeopleSoft, or SAP.

JPMorgan Xign’s current functionality rates equally with Ariba and Basware, although it scores slightly less well on strategy. Oracle has leading EIPP solutions for existing customers of its E-Business Suite and PeopleSoft purchasing and financials suites.

- American Express, Bottomline, OB10, PowerTrack, and TradeCard are Strong Performers.** All five vendors scored well on current capability and beat the Leaders in many areas. OB10 is an invoice network that partners with workflow vendors. The other four originated as payment systems and have subsequently added invoicing support. American Express created S2S (source-to-settle) by acquiring Harbor Payments to fit with its traditional strengths in Pcards and merchant acquisition. Bottomline Technologies is expanding from its strong customer base, particularly among banks and financial institutions, via internal R&D and interesting acquisitions. PowerTrack has a good overall product with unique strength verifying freight spend. TradeCard benefits from its market focus on companies that need to control extended, complex supply chains. These are all good products whose vendors just missed out on Leader ranking due to a few weaknesses relative to their peers. Each has strengths that make them ideal choices for the right prospect.

Figure 4 Forrester Wave™: AP-EIPP, Q2 '08



Source: Forrester Research, Inc.

Figure 4 Forrester Wave™: AP-EIPP, Q2 '08 (Cont.)

	Forrester's Weighting	170 Systems	American Express	Ariba	Basware	Bottomline Technologies	JPMorgan Xign	OB10	Oracle EBS	Oracle PeopleSoft	PowerTrack	TradeCard
CURRENT OFFERING	50%	3.96	3.22	4.10	4.40	3.28	4.04	3.39	3.65	3.72	3.41	3.85
Invoice capture and conversion	15%	4.18	3.24	3.69	4.49	3.30	3.82	4.09	3.58	2.94	3.15	3.16
Invoice validation	12%	4.32	2.83	4.02	4.60	2.85	3.82	3.34	4.04	3.75	3.94	4.17
Invoice management	8%	3.85	4.00	3.85	4.35	3.75	4.55	1.15	3.65	4.00	3.50	4.00
Invoice-driven financial optimization	7%	2.60	3.30	4.35	3.35	3.43	4.50	0.75	3.20	4.23	3.70	4.40
Reporting and analytics	10%	3.50	3.00	4.50	5.00	3.00	3.50	2.50	4.00	4.50	3.00	3.00
Globalization	10%	3.80	2.00	4.75	4.35	3.15	3.55	5.00	4.40	4.40	3.35	3.60
Technology	12%	3.90	3.60	4.40	5.00	3.45	4.40	3.65	4.15	4.15	3.60	4.25
Customer support	8%	4.55	4.40	4.15	3.70	3.90	3.65	4.75	3.45	3.35	3.75	4.40
Usability	10%	4.00	4.00	3.50	4.00	4.00	4.50	3.50	2.50	4.00	3.50	4.50
Value delivery	8%	4.50	2.50	4.50	5.00	2.50	5.00	4.00	3.50	2.50	3.00	4.00
STRATEGY	50%	3.53	3.54	3.54	3.96	3.23	3.58	3.55	3.45	3.52	3.49	3.06
Product strategy	60%	3.50	3.41	3.85	4.10	3.21	3.30	3.79	2.97	3.07	3.20	3.11
Corporate strategy	25%	3.30	3.00	3.70	3.60	3.70	3.40	3.60	3.70	3.70	3.30	3.30
Financial resources to pursue	15%	4.00	5.00	2.00	4.00	2.50	5.00	2.50	5.00	5.00	5.00	2.50
MARKET PRESENCE	0%	2.24	2.20	3.16	4.52	1.80	2.72	2.44	1.80	1.80	3.16	2.40
Installed base	40%	1.60	1.00	3.40	3.80	1.00	1.80	1.60	1.00	1.00	2.40	1.00
Total employees	20%	4.00	3.00	5.00	5.00	3.00	4.00	5.00	3.00	3.00	5.00	4.00
Revenue	40%	2.00	3.00	2.00	5.00	2.00	3.00	2.00	2.00	2.00	3.00	3.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Source: Forrester Research, Inc.

VENDOR PROFILES

Leaders: Five Companies Combine Excellent Products With Large Invoice Networks

- 170 Systems, when combined with OB10, is a top choice for Oracle and SAP customers.**
 The 170 MarkView Financial Suite is a financial process optimization product for SAP, Oracle EBS, and PeopleSoft users. 170 Systems also sells complementary products and services from partners, including OB10; its Leader status is based on the assumption that buyers will select these too. However, Oracle and SAP are investing in their own EIPP offerings, so 170 Systems' main challenge will be competing in the megasuites' ecosystem. Its differentiating strength is in selling a complete solution of preconfigured workflows that incorporate the company's knowledge of AP best practices — ideal for Oracle and SAP customers seeking a prescriptive implementation approach or a better user experience.

- **Ariba builds on its eProcurement product and the largest supplier network.** Ariba's strong points are integration with the rest of its Spend Management suite and the more than 100,000 suppliers in the Ariba Supplier Network (ASN). These make Ariba's EIPP solution particularly strong for existing customers, but its functionality and supplier stable will also benefit companies that do not currently use an eProcurement product, or who use one without good EIPP capability. Potential buyers may be put off by Ariba's financial position — perennially loss-making with a balance sheet that relies on the value of goodwill from the Freemarkets and Procuri acquisitions.⁴ However, Ariba has good, growing cash balances, and its overall market value, based on its stock price, is nearly \$900 million, which shows how highly investors value Ariba's long-term prospects.
- **Basware has the largest market presence, excellent functionality, and a strong vision.** Basware has the best-rated strategy, continuing to enhance its EIPP product innovation while expanding into new areas. It has developed a strong eProcurement product for those companies wanting to go beyond I2P to full procure-to-pay. One key differentiator is its commitment to interoperability with other supplier networks to deliver a wider supplier base to its buyer clientele. Basware has expanded beyond its Scandinavian base to win key accounts in the rest of Europe and the US. Its main challenge will be expanding sufficiently rapidly in the US to avoid getting swamped by local competitors.
- **JPMorgan Xign is in the top three on current functionality, for US enterprises.** The product earns top scores in invoice validation and management and scores well in all categories. European buyers may be put off by a shortage of European references, but US customers are well served. Xign only misses Leader status due to slight concerns about JPMorgan's strategy of bundling its financial services with Xign's software. Potential buyers of the EIPP product should consider if it's in their interests (or their suppliers' interests) to be limited to one supplier of trade-related financial services.
- **Oracle E-Business Suite (EBS) leads for existing iSupply customers.** The products provide good functionality for any enterprise that can persuade all its suppliers to use its own supplier portal or that are satisfied with the small Oracle Supplier Network (OSN). Oracle has now integrated the acquired Stellent document management product with EBS and PeopleSoft, which further strengthens its EIPP offering.⁵ Selection teams should take care to make their own assessment of the product's usability — Forrester found it to be overly database-centric, with generic query and update functions instead of support for specific tasks within a coherent process.
- **Oracle PeopleSoft is a top EIPP solution for existing PeopleSoft Enterprise Procurement customers.** As does its Oracle EBS stable mate, PeopleSoft relies on a supplier portal approach that may not suit every potential buyer, although it can be linked with the OSN and other invoice networks. Functionality is good, and the UI is far superior to EBS. Oracle PeopleSoft

also scores well on strategy. Oracle has kept a good product management team in place and continues to invest in R&D dollars in the purchase-to-pay process area.

Strong Performers: Five Companies Narrowly Miss Leader Status

- **American Express S2S is a good choice for US companies focusing on domestic supply.** Harbor Payments was a good product before its acquisition by Amex, and combining EIPP with Pcard makes sense. Amex is expert at enabling small suppliers who may also value the immediate payment, at a cost, that Pcards offer. Amex S2S currently focuses solely on the US market, which lowers its ranking in Forrester's global evaluation but which would be irrelevant to prospects with minimal import transactions. Pcards aren't suitable as a settlement method for every transaction, however, so S2S is unlikely to appear on the shortlists of prospects that aren't interested in Amex's wider services.
- **Bottomline is rapidly developing its EIPP capabilities.** The company started as a software supplier to banks and other financial institutions and has added invoice processing capability through internal development and acquisition — the recently-announced purchase of Optio will further strengthen its solution. Bottomline scored well on invoice management but has some weaknesses in matching and validation that it is currently addressing.
- **OB10 sticks to its core strength — its invoice network.** The vendor scored well for its global capabilities and received the best reference scores out of all the vendors for customer service and supplier enablement. It only scores poorly in our invoice management criteria because it doesn't compete in that space, instead forming mutually beneficial partnerships with specialists, including 170 Systems and ReadSoft. OB10 is a prime candidate for companies looking to add an invoice network to their existing workflow solutions.
- **PowerTrack excels at control of freight spend, with good support for other categories too.** The product can match carriers' invoices with detailed pricing agreements and trigger payments to multiple suppliers from a single shipping event. Similar contract-based approval is also useful for other regular non-PO spend such as utilities, rentals, and maintenance agreements. Enterprises with high volumes of these types of invoice should certainly consider PowerTrack for their shortlist. PowerTrack was fully involved in the evaluation and fact-checking processes but declined to participate further in the Forrester Wave process.
- **TradeCard has the best support, among EIPP products, for extended supply chains.** It is a prime choice for companies in industries such as footwear and apparel that need to track movements of goods two or three levels down the supply chain, and facilitate payments to multiple suppliers and intermediaries. TradeCard is not merely an EIPP product — the company positions itself as a complete procure-to-pay solution for global trade. This Forrester Wave does not evaluate the complete range of supply chain management functionality that enterprises might want from a single source.⁶

Contenders: More Than 20 Other Companies, Of Five Types, Were Not Evaluated

The fragmented market means that the qualification criteria ruled out many companies that might have scored well had they been included. The Forrester Wave focused on the largest vendors with the broadest offerings, but the others could be relevant to prospects looking for specific functionality or in a narrower geography. The list includes local networks, ERP suites, systems integrators, document management systems, and general EDI networks.

- **Several small European vendors have a strong presence in their local markets.** The list includes Accountis and Burns e-Commerce in the UK, b-process and Deskom in France, Crossgate in Germany, and Component Software in Scandinavia. These companies provide invoice exchange services and related functionality to a small number of large customers and their suppliers, but usually expect the customer to use its existing AP module for matching and validation or buy a specialist workflow tool. These small networks have the same disadvantage as supplier portals, although to a lesser extent. The buyer has to persuade all its suppliers to use that network, in addition to the other networks and portals that they have to use for their other customers.
- **SAP is developing its SRM capabilities but does not currently have a focused EIPP product.** SAP's AP solution works best if customers have one enterprisewide system; its own Web site states that "the maximum benefit of shared services can be achieved when one single ERP instance serves the whole company." It has recently announced a partnership to resell Crossgate as an outsourced B2B integration service, including electronic invoices. Similarly, Forrester did not evaluate the EIPP capabilities of other ERP suites such as Infor, Lawson, and Microsoft Dynamics.
- **Many system integrators (SIs) compete in the EIPP software market.** They have assembled productized solutions supported by dedicated resources. For example, CSC has an invoice network offering and a partnership with Deutsche Bank for consolidated payment processing. LogicaCMG runs invoice scanning centers, resells OB10's network, and integrates these two streams with the client's AP application. TietoEnator has many banking customers, its own invoice network, and partners to provide document scanning services. Any Web search on EIPP will unearth many smaller value-added resellers of the main product vendors that can also be considered in this category.
- **Document management system (DMS) vendors streamline I2P but fall short of EIPP.** Global 360, Kofax, ReadSoft, and Open Text are examples of companies selling workflow solutions based on manual approval of scanned images. These tools provide an ROI by eliminating paper, especially important for a shared services AP function that is physically remote from its business units. Enterprises considering a DMS workflow solution should think very carefully. It has its place as part of a holistic solution, but as a discrete project it will distract attention from

the greater opportunity presented by full EIPP solutions, of electronic submission and fully automated processing.

- **EDI network providers** want to deliver a mass-market version. GXS and Sterling Commerce are two companies with a strong EDI background that want to use that expertise to provide e-invoicing services. EDI has traditionally been perceived as expensive, used mainly for large businesses that supply direct purchases to enterprise-scale customers — B2E eCommerce. In contrast, e-invoicing is all about b2B — small business suppliers communicating with medium-to-large customers, often for indirect and non-PO supplies.

SUPPLEMENTAL MATERIAL

Online Resource

The online version of Figure 4 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of four data sources to assess the strengths and weaknesses of each solution:

- **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- **Product demos.** We asked vendors to conduct demonstrations of their product's functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with two of each vendor's current customers.
- **Vendors' Web sites.** We studied online marketing material to gauge clarity of vision and to assess the range and quality of published case studies.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ Most invoices start life in order management applications and end up in accounts payable (AP) products, yet almost all must first become paper, processed by expensive, slow, and error-prone human beings. AP Electronic Invoice Presentment and Processing (EIPP) products automate the submission and processing of invoices and streamline the supporting manual processes such as discrepancy resolution. See the October 22, 2007, “[The EIPP Market Is Ripe For Consolidation](#)” report.
- ² We allow vendors to include capabilities from products they resell if most of the solution is their own intellectual property. We do this to simplify the Forrester Wave process by excluding system integrators and resellers who assemble complete solutions from other companies’ products.
- ³ Companies making software product selections should base their decision on formal evaluation criteria, including commercial terms. Try to be objective, but include “soft” criteria such as work style and cultural fit. Negotiate contracts and discounts while the vendors are still competing with each other. Don’t let executives bypass the process at the 11th hour. If they have to ratify the team’s recommendation, limit this to reviewing and adjusting the evaluation scores. See the July 20, 2007, “[Application Vendor Selection: Making The Process Work For You](#)” report.
- ⁴ “Goodwill” is the difference between the price paid for a company and the net tangible assets actually acquired. For example, Ariba paid \$83 million more for Procuri in the quarter ending December 31, 2007 than Procuri’s own reported net assets, so its goodwill increased by that amount. In effect, the goodwill represents the value of Procuri’s technology, brand, installed base, employees, etc. Ariba’s accountants believe the intangible assets acquired with Freemarkets are still worth \$326 million, but goodwill accounting is a complex topic, so others may disagree. To put this in context, Ariba has net assets of \$25 million excluding the goodwill.
- ⁵ The Stellent products have been included in what is now called Oracle Imaging and Process Management (Oracle I/PM).

⁶ Despite a past riddled with multiple standalone SCM applications, companies today want to buy supply chain software from a single vendor. The problem? One end-to-end, single-vendor solution has yet to materialize. A select few, like Manhattan Associates, RedPrairie, and SAP, have the required breadth of functionality, but there is still “white space” in each solution. And, even when a vendor can functionally fill a gap, modules are not always integrated across the entire suite — invalidating one of the main reasons for going with a single vendor. See the October 16, 2007, “[Buyers Prefer A Single-Vendor Supply Chain Solution, But Does One Really Exist?](#)” report.

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