

## IDC MarketScape

# IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Payable Automation Applications for Midmarket 2020-2021 Vendor Assessment

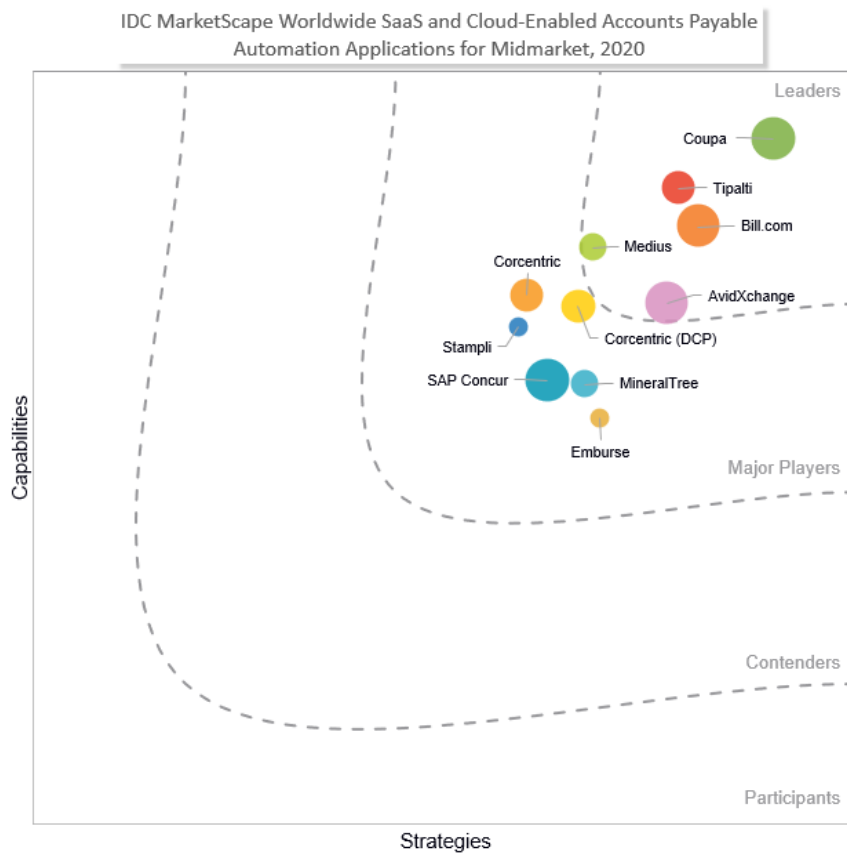
Kevin Permenter

THIS IDC MARKETSCOPE EXCERPT FEATURES MEDIUS

### IDC MARKETSCOPE FIGURE

FIGURE 1

## IDC MarketScape Worldwide SaaS and Cloud-Enabled Accounts Payable Automation Applications for Midmarket Vendor Assessment



Source: IDC, 2020

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

## IN THIS EXCERPT

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The content for this excerpt was taken directly from IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Payable Automation Applications for Midmarket 2020-2021 Vendor Assessment (Doc # US47032620). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

## IDC OPINION

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The COVID-19 pandemic has simultaneously halted and changed much of society as we know it. We are living in times of unprecedented uncertainty and volatility. The first priority for companies is to quickly shore up their money and financial processes.

For many companies, the core issue with managing spending is complexity. As you can see, complexity comes in multiple layers, with many companies dealing with multiple business units, multiple spend types, and multiple countries. Many organizations we speak with are also dealing with multiple data sources and multiple ERPs. To make matter worse, 64% of respondents in IDC's March 2020 *SaaSPath Survey* were still using spreadsheet (in some capacity) to support payment processes. It is no wonder that, during the height of the pandemic crisis in early 2020, many organizations were left in the dark about much of their current spending profile. To put it simply, if you don't have the tools, you can't have a holistic view of accounts payable (AP) and spend management – in many ways, you are just trying to feel your way through the darkness.

As mentioned previously, the accounts payable function can be complex and fraught with inefficiencies for companies of all sizes. During our interactions with AP professionals, the following issues were top of mind:

- **Manual processes:** Today, there are still thousands of companies of all sizes with overly manual and complex AP workflows. As a result, these processes become exceedingly inefficient (consuming precious resources and delaying approvals), with a multitude of errors and limited fraud detection capabilities. Moreover, manually driven processes within AP can lead to inflexibility and a lack of agility, which can be extremely harmful to a company's ability to maneuver in the increasingly dynamic digital economy.
- **Resource restraints:** In many growing companies, AP professionals are being asked to process greater transaction volumes with the same resources. This, especially in the case of fast-growing companies, puts an unbelievable strain on the bandwidth of AP professionals, often leading to heightened chances for errors, missed invoices, miscommunication, and supplier issues. One of the most pressing issues that strikes at the imbalance between staffing and transaction volumes is the presentation of duplicate invoices that can quickly lead to overpayment.
- **Lost discounts:** Companies with inefficient AP processes often lose opportunities to take advantage of early payment discounts. These discounts can positively impact the

organization's cash flow and represent an opportunity for the AP function to contribute directly to the company's bottom line.

## Major AP Trends

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

- **Invoice management essential to growth:** As organizations are ensconced in rapid growth cycles (especially midmarket companies), the idea about optimizing accounts payable is often seen as a potential growth driver for businesses. Having visibility/control of invoices allows an organization to plan and control its growth more effectively.
- **Convergence of adjacent workflows:** The traditionally siloed nature of financial functions like accounts receivable, procurement, expense management, and accounts payable is rapidly changing. In the coming years, we will see these walls breakdown, allowing for more coordination, collaboration, and communication among these financial functions. As such, decision makers will have a much more holistic view of the company's financial position to make better strategic decision. We will see this convergence in a few key areas over the next five to seven years including:
  - **Accounts payable and accounts receivable:** Combining AR and AP provides financial executives a more holistic look into the company's cash position, which is essential to budgeting the forecasting more accurately and effectively. Also, in cases where a company is both a supplier and a customer, having visibility into both sides of the transaction can lead to more effective negotiations.
  - **Accounts payable and procurement:** Understanding the company's entire spend profile (including direct and indirect spend as well as AP) allows for better decisions regarding inventory management, supplier management, and other purchasing issues.
  - **Digital payments becoming integral:** In 2019, we saw payment capabilities becoming more integrated into certain financial applications like AP, AR, treasury, and expense management. The market is quickly moving away from paper-based payments, which are especially prominent in the United States. End users are embracing virtual card payments and other digital payment methods. The driver for this trend is the additional control added by digital payment methods over more traditional methods.

## Midmarket Difference

AP workflows are quickly changing as part of digital transformation initiatives. This shift will also bring forth a new chapter in the evolving story of smaller business AP applications. In detail:

- **Add more collaboration:** Financial management involves coordination between multiple business departments. Vendors must consider the advantage of adding collaboration capabilities to their software packages. Companies are utilizing real-time aspects of their more advanced cloud-based AR software solutions to give customers access to data. With this technology-driven collaboration in place, companies can more effectively settle disputes and provide a much higher degree of data visibility on both sides of the transaction.
- **Cater to the self-educated buyer:** The small business accounting software segment is dominated by the self-educated buyer. This is a person (often the business owner) who is

using the internet and personal knowledge to drive the decision on which software solution to choose. This buyer type leverages online software review sites, free demo software, and software trials to discover and assess various solutions. This type of buyer is hungry for information. As a result, the software vendors thriving in this market are those that offer a steady drumbeat of press releases, on-demand marketing content, virtual customer suggestions/quotes/information, and other informational assets.

- **Build a solution that can grow:** Many small businesses are often positioned to grow rapidly. Many of them have no desire to be forced to change their entire financial solution and chart of accounts simply to accommodate growth. More and more small businesses are looking for software-as-a-service (SaaS) and cloud-enabled solutions that can scale with them as they grow. Software vendors in this market must demonstrate that they are building a solution that is ready for today's small business hurdles and growth and for tomorrow's technology challenges. The vendors that are thriving in this segment are rapidly building out higher-level functionalities (i.e., unlimited user capabilities, accrual-based accounting methodology, multientity support, advance reporting, and journal item-level tagging) so that the software can grow with the business.
- **Move beyond implementation:** In many ways, the success of any SaaS implementation hinges on what happens after the implementation is up and running. This is where change management takes center stage and the people side of financial management becomes essential. Vendors should consider adding more change management capabilities to their sales and support organizations to deliver a positive customer experience beyond implementation.

## IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

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The vendor inclusion list for this study was selected to accurately depict the vendors that are most representative of any given software application on a buyer's selection list based on the following:

- Vendors must have a SaaS or cloud offering – on-premises-only applications are out of scope.
- Software application can be purchased separately (not just functionality built into a larger system) and is available off the shelf without required customization.
- Software application has capabilities for invoice management, supplier management, AP workflow management, payment management, and/or tax and regulatory compliance.
- The vendor had at least \$5 million in 2019 AP management software revenue.
- The vendor has a minimum of one AP solution in market for at least three years.
- The vendor must have a significant footprint with businesses with less than 1,000 employees.

## ADVICE FOR TECHNOLOGY BUYERS

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Accounts payable applications are evolving rapidly as vendors invest research and development dollars into bolstering, augmenting and, in some cases, redesigning their applications. The applications must align with the new digital enterprise and its preferred way to absorb technology. The vendors must work to align their go-to-market strategies and product development strategies with the new digital enterprise. While the vendors in this study may vary widely in size, experience, levels of support, and sales model, the goal for all the vendors listed in this study is the same – create/curate a differentiating user experience (UX). To do that, the user experience must go beyond the software to

include the sales process, account management, implementation, and post-implementation support. As a buyer in this market, here are a few of the key questions to consider during the buying process:

- **Begin by looking inward.** Before making purchasing decisions on AP software, here are a few key questions to ask regarding the internal resources and processes:
  - What are some of the issues I would like to resolve with this new system?
  - Are the issues technology related?
  - What are my internal support resources and capabilities?
  - How should we define success for this implementation?
  - Which internal stakeholders should we include in the evaluation processes?
  - How will a new system change my organization?
- **Select the right partners (internal and external).** The first step in the journey to AP system is developing a strategy and plan for the implementation. This includes doing the due diligence in finding the right vendor. Here are a few key questions to ask regarding the AP software vendor:
  - Does the vendor have experience with my type of product, service, and company size?
  - Can the vendor show me a hands-on demo with my organization's "live/real" data to show the benefit to the business?
  - Does the vendor understand the regulations that will impact my business? How are these regulations reflected in my current product and how will it change in the future?
  - What is the vendor's strategic investment outlook for the next three to five years? Why? How will that change and enhance my business?
- **Consider the foundation.** AP application vendors have seen many iterations from a technology architecture standpoint. Even among cloud vendors, there are many different varieties of software architectural approaches. IDC believes that taking time to understand the foundation of the software and its advantages (or limitations) is of critical importance during the buying decision. Here are a few key questions regarding the AP software vendor:
  - What is the data flow design within the current solution?
  - What kind of APIs are available now from this vendor? RESTful? SOAP? GraphQL?
  - What kind of developer tools does the vendor provide (e.g., sandbox, dedicated portal, low-code/no-code tools, and database management tools)?
  - Is any part of the software currently built on a microservice architecture? If so which parts?
- **Take ownership of the implementation.** For the best results, organizations must take a very active role in the actual implementation of the software. AP software touches upon a lot of other back-office systems (order management, inventory management, supply chain management, sales management, human resources [HR], etc.). As a result, extreme attention must be given to how the AP system is set up and how it interacts with other systems within your organization. Here are a few key questions to ask regarding the AP software implementations:
  - What levels of support are available and are they geographically available for my business?
  - How should I set up the service-level agreement (SLA) before signing any contracts?
  - Can the system integrate with my company's other IT systems and those of my partners?
  - Which IT system needs to be integrated and to what degree?

- How are we set up to deal with frequent product updates?
- **Note that post-implementation is critical.** In many ways, the success of any SaaS implementation hinges on what happens after the implementation is up and running. This is where change management takes center stage and the people's side of AP management becomes essential. Here are a few key questions to ask regarding the post-go live phase of AP software implementations:
  - Do we have a strategy to encourage rapid adoption among employees?
  - Do we have the right amount of training for employees to master the new features within the system?
  - Are we communicating the purpose and benefits of the system change to the relevant employees?
  - Have we aligned existing policies and procedures to enable the adoption of the new workflows?

This IDC MarketScape assists in answering the aforementioned questions and others.

## VENDOR SUMMARY PROFILES

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

### Medius

After a thorough evaluation of Medius' strategies and capabilities, IDC has positioned the company in the Leaders category in this 2020-2021 IDC MarketScape for worldwide SaaS and cloud-enabled accounts payable automation applications for midmarket.

Medius AP automation provides complete control of cash, cost, and compliance by automating the entire AP invoice process from receipt to payment. Medius handles all types of invoices in all formats and will not require suppliers to change their current behavior, thereby streamlining implementation. With its cloud-native architecture, Medius drives continuous improvement in both system and process performance using machine learning and big data techniques.

Quick facts about Medius:

- **Employees:** 360
- **Total number of clients:** 3,500+
- **Globalization:** Supports deployments in 120+ countries
- **Industry focus:** Direct materials in heavy industries such as retail, manufacturing, and wholesale distribution
- **SaaS:** Multitenant SaaS platform
- **Pricing model:** Subscription cost based on transaction volumes and number of suppliers
- **Partner ecosystem:** 50+ partners including KPMG, Avanade, and Microsoft

### Strengths

- **Automation:** Medius automates the full AP invoice process so that invoices are received, interpreted, and matched against PO lines and receipt lines automatically. Exceptions can be

GL coded by Medius automatically without human intervention, and even inventory valuation is adjusted for the items purchased without any human intervention. Medius can create this level of automation even in complex multi-PO/multireceipt/multiinvoice scenarios in direct materials processes.

- **Integration:** Medius has taken integrations to the cloud and offers wizard style deployment of ERP integrations. Medius offers customers a full integration platform as a service (iPaaS), where scheduling, monitoring, and error logging/handling are handled. Medius offers a ready-to-run, already built integration and the integration platform to orchestrate it.

## Challenges

- **North American presence:** Medius is working to expand within the North American market. However, this is a crowded market with several very large competitors with a similar range of functionality and larger marketing presence already established in North America.
- **Status quo:** Prior to the COVID-19 pandemic, some organizations were slow in making the decision to automate AP. In these cases, the challenge is status quo. With the pandemic, everyone understands the criticality of automating AP and enabling finance departments to work remotely.

## Consider Medius When

Consider Medius when you are looking for an AP solution with extensive automation and integration capabilities.

## APPENDIX

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### Reading an IDC MarketScape Graph

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

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

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

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

### IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and

interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

## Market Definition

Accounts payable (AP) applications support the tracking, analysis, and administration of the money owed to the business' vendors. Core functionality for AP software includes invoice entry/processing, payment approvals, vendor management, reconciliation, and reporting capabilities. AP software must be able to execute partial and complete payments and manage vendor terms and other payment execution activities alongside enterprise resource planning, human resources (HR), and other financial management systems.

## LEARN MORE

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### Related Research

- *Market Analysis Perspective: Worldwide Financial Applications, 2019* (IDC #US45477119, September 2019)
- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Accounts Receivable Applications 2019 Vendor Assessment* (IDC #US44754719, January 2019)
- *IDC Market Glance: Financial Applications, 4Q18* (IDC #US44539518, December 2018)

### Synopsis

This IDC study provides an assessment of the SaaS and cloud-enabled AP automation applications for midmarket and discusses the criteria that are important for companies to consider when selecting a system.

"The ground underneath the feet of today's AP professional is rapidly shifting to digital. Software vendors that prioritize features that provide enhanced visibility, flexibility, and agility in these uncertain times will find themselves well positioned for future growth," says Kevin Permenter, research manager, Enterprise Applications at IDC.



## About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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