

Magic Quadrant for Digital Commerce

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Summary

The number of digital commerce platform vendors continues to grow along with the breadth of those platforms, adding to the complexity of vendor evaluations. This report evaluates 21 providers of digital commerce platforms to assist application leaders supporting digital commerce.

Strategic Planning Assumptions

By 2018, 40% of B2B digital commerce sites will use price optimization algorithms and configure, price and quote tools to dynamically calculate and deliver product pricing.

By 2020, companies that are digitally trustworthy will generate 20% more online profit than those that are not.

By 2020, 25% of leading online sellers will have enabled first-generation "commerce that comes to you" capabilities.

By 2020, smart personalization engines used to recognize customer intent will enable digital businesses to increase their profits by up to 15%.

Market Definition/Description

Digital commerce platforms had humble beginnings as stand-alone e-commerce websites in the 1990s. Available in multiple application deployment models (see Note 1), these platforms now span the enterprise and often incorporate numerous supporting technologies and functionalities.

Gartner defines digital commerce as:

- *Buying and selling interactions among businesses, people and things for products/services via digitalization technologies. These interactions result in a valued transaction to the customer, based on a combination of factors, including good customer experience, inexpensive price, timeliness, ease of use, clear policies and others.*

Starting the digital commerce journey requires acquiring a digital commerce platform. There are dozens of vendors, large and small, that offer products to meet company needs.

Digital commerce platforms vendors offer solutions that include:

Facilitating purchasing transactions over the web, mobile and in store. (Note: Revenue generated directly by digital commerce platforms is typically referred to as digital commerce GMV – see Note 2.)

Supporting the creation and continuing development of digital relationships with consumers or business customers across multiple retail, wholesale, mobile, direct and indirect sales, digital sales, and call center channels.

Enabling organizations to build B2B, B2C, B2B2C (or any combination) commerce sites, and support a continuum of business objectives, such as reducing costs, generating incremental revenue or enabling transformational business change.

As the technology continues to mature, vendors will offer more choices for enterprises to consider either natively or through partners in the digital commerce ecosystem.

Magic Quadrant

Figure 1. Magic Quadrant for Digital Commerce



Source: Gartner (April 2017)

Vendor Strengths and Cautions

Aptos

Aptos is a Niche Player, providing a multitenant SaaS commerce platform focused primarily on B2C retailers and brands selling directly to consumers. Aptos was formed in 2016 when Epicor Software spun off its retail solution business to create the independent company. (Note: Prior to this, Epicor finalized its acquisition of ShopVisible in January 2015, adding what is now Aptos' Digital Commerce and Enterprise Order Management solutions to its end-to-end retail software suite.) The platform is now being sold as Aptos Digital Commerce. Aptos Digital Commerce is sold primarily to companies with digital commerce GMV revenue between \$10 million and \$50 million, but has customers with up to \$250 million.

In late 2016 Aptos acquired BT Expedite, a U.K.-based provider and reseller of commerce and retail services including POS, clienteling and related services. Aptos Digital Commerce remains separate from the commerce offering of the BT Expedite acquisition, which is excluded from this research. Aptos is a privately held company under common ownership by funds advised by Apax Partners, and did not disclose financials for this research. Aptos' headquarters are in Atlanta, Georgia, U.S., with offices in Canada, Mexico and the U.K.

STRENGTHS

Unified commerce: Aptos provides a unified commerce experience with its integrated commerce, POS, order management and clienteling solution, along with commerce-related services.

Retail midmarket focus: Aptos is now exclusively focused on B2C selling, supporting retail and brand companies. Aptos sells primarily to customers that generate digital commerce GMV revenue between \$10 million and \$50 million. Most of its reference customers scored the TCO of the platform as high to outstanding.

Professional service strategy to increase time to market: Aptos supports 80% of its sales with its professional service team. To help ensure customer success, Aptos ties variable compensation of this team directly to the outcome of its customers' implementations.

CAUTIONS

Scope: While Aptos has customers in wholesale and distribution, life sciences and B2B business models (representing approximately 30% of its commerce installed base), companies outside of B2C retail should evaluate its B2B capabilities against their functional requirements and recognize that resources are unlikely to be spent on B2B, considering its new retail-focused strategy.

Enterprise size: Given the largest majority of Aptos customers are midmarket organizations generating digital commerce GMV revenue of less than \$50 million, Aptos may not be as suitable for companies that project GMV revenue beyond this level.

Product and market evolution: Aptos Digital Commerce is the product of several acquisitions over the past two years, and Aptos in Europe sells both its own and BT Expedite products/services. Companies should evaluate how the two commerce platforms interoperate and gain a clear understanding of its future product roadmap. Expect some rationalization of product overlaps.

Apttus

Apttus is a Visionary, based on its integration to Salesforce (having been built on Force.com) and its investment in AI and machine learning (Apttus Intelligent Cloud) on Microsoft Azure. Apttus E-Commerce focuses on B2B configure, price and quote (CPQ) and "quote-to-cash." Apttus has customers in the high-tech, manufacturing, telecommunications, life sciences, financial and educational sectors. The solution includes subscription and billing management, product information management, and a chatbot called Max that interfaces to the commerce and quote-to-cash functions. Apttus sells primarily to organizations with digital commerce GMV revenue from \$250 million to \$1 billion.

The company is privately held, having raised \$274 million in funding since 2006, with the possibility of an IPO in 2017. Apttus is headquartered in San Mateo, California, U.S., with additional offices in Australia, India, Japan, Singapore, Switzerland and the U.K., as well as reseller partners in South America.

STRENGTHS

Speed to market: While its reference customers reported a range of Apttus E-Commerce deployment time periods, many reported deployments in less than five months, with one reporting a deployment in less than three months. This is supported through its quick-launch packages.

Quote-to-cash capabilities: Apttus E-Commerce can be used in conjunction with other Apttus solutions such as CPQ and Contract Lifecycle Management (CLM). These solutions offer sophisticated support for B2B selling and have been augmented by AI and machine learning in the areas of predictive analytics, cross-sell/upsell recommendations and virtual assistants (e.g., chatbots).

Handles complex B2B products: Apttus E-Commerce supports verticals with more-complex products (e.g., telecommunications, manufacturing, health and life sciences, high tech), including configuration, quotes, bundles and guided selling. It supports 3D visual configuration via partnerships: Microsoft HoloLens integration, KBMax and SolidWorks.

CAUTIONS

Designed for product complexity: Apttus' roots are in CLM and CPQ applications used for selling complex B2B products and services. Companies selling products with simpler B2B needs or that are primarily B2C may find the Apttus product overly complex.

Regional customer presence: While Apttus has a global presence and its multiple products include global capabilities (e.g., multilanguage for both its clients internally and their customers externally, multiple currencies, IP address recognition, etc.), it still receives a very large majority of its revenue from North America customers.

Digital commerce maturity and ecosystem: Apttus' foray into digital commerce is relatively recent, reflected by its list of ecosystem partners being significantly shorter than those of the other included vendors. A small number of reference customers that used a third party for implementation reported challenges with finding a partner; a majority reported being dissatisfied with the performance of the third-party partner.

BigCommerce

BigCommerce is a Niche Player, based on its multitenant SaaS digital commerce platform that is used primarily by SMB retailers with digital commerce GMV revenue of less than \$10 million. Its portfolio includes BigCommerce for small businesses and BigCommerce Enterprise for those making at least \$1 million.

The company is privately held and has raised \$160 million in funding to date, including a recent round in 2016 of \$30 million led by GGV Capital. It is headquartered in Austin, Texas, U.S., with additional offices in the U.S. and Australia.

STRENGTHS

Ease of use: BigCommerce offers easy-to-use, out-of-the-box functionality (e.g., one-page check-out, social integrations, abandoned cart recovery, ratings and reviews) and advanced discount/promotional functionality, including support for flash sales. Its new approach to digital store creation, Stencil, helps merchants acquire, apply and customize over 100 new storefront themes, and includes responsive design for mobile and built-in SEO with preview capabilities.

Multichannel retail functionality: BigCommerce has native integrations for POS (Square mobile POS, Springboard and ShopKeep), marketplaces (eBay, Amazon and Google Shopping) and social networks (Facebook and Pinterest).

TCO: BigCommerce is competitively and transparently priced, with multiple flat-rate pricing options advertised on its website and a free trial offer, neither of which are very common in digital commerce for enterprises. All pricing options include 24/7 live agent support.

CAUTIONS

Product functionality: BigCommerce lacks native functionality for companies with more-complex digital requirements, such as multistore support for centralized product catalog management and merchandising scheduling; B2B support for cost center hierarchy, workflow and approval capabilities; and advanced globalization capabilities such as setting customer/seller language and currency based on preferences.

Competitive viability: As BigCommerce attempts to serve larger SMB clients, it is likely to face more competition from vendors attempting to expand from large enterprises to smaller SMBs. Likewise, the digital commerce space continues to see entrants that usually focus on the SMB segment.

Pricing plan thresholds: With digital growth come additional costs. BigCommerce has pricing plans tied to digital sales thresholds for its nonenterprise customers. These thresholds, based on digital commerce GMV revenue, occur at \$50,000, \$150,000 and \$1 million. Merchants must move to higher pricing plans as their GMV exceeds these thresholds.

CloudCraze

CloudCraze is a Visionary, based on the benefits of having built its CloudCraze Commerce platform on the Salesforce Force.com platform. This enables native capabilities for incorporating Salesforce Sales Cloud and Service Cloud functionality into the digital commerce platform. Since the Salesforce acquisition of

Demandware in 2016 (see the Salesforce profile), CloudCraze has shifted its focus from serving both B2C and B2B to exclusively serving B2B. It sells to customers of all segments, but predominantly serves distributor and manufacturing customers with digital commerce GMV revenue of more than \$250 million.

CloudCraze is privately held and headquartered in Chicago, Illinois, U.S., with an office in London, U.K. CloudCraze has recently raised \$20 million in additional funding from Insight Venture Partners and Salesforce Ventures to support its growth strategy.

STRENGTHS

Single view of customer via native Salesforce integration: Built on the Force.com platform, CloudCraze Commerce can incorporate components from the Salesforce Clouds. As a Salesforce Platinum ISV partner, CloudCraze can share data and business processes to offer a single view of the customer to existing Salesforce clients. All its reference customers reported extremely high overall satisfaction with both vendor and platform.

Time to market: CloudCraze reports that 93% of customers go from contract signature to a live site in less than eight months, and 85% in six months or less. All its reference customers reported that the platform was easy to implement, with a small majority completing their implementation in less than five months.

Depth of B2B functionality: CloudCraze Commerce is optimized for B2B commerce with functionality such as unique views by account, contract pricing with the ability for multiple contracts, and order and pricing overrides based on roles.

CAUTIONS

Change in product scope: Although still offering functionality for B2C customers, CloudCraze is now self-restricting future customers to B2B. B2B customers with B2C needs should closely evaluate its B2C functionality and commitment to B2C.

Market presence: CloudCraze still has significantly fewer customers than its competitors, despite strong growth in the last three years and appeal to multiple segments (companies with digital commerce GMV revenue from less than \$10 million to over \$1 billion). Prospects should check for the availability of customer references in their industries.

Geographic focus: CloudCraze has offices and sells primarily in North America and EMEA, although it has plans to expand to other areas in 2017. Global prospects should check for local support in the areas in which they do business.

Digital River

Digital River is a Leader, based on its ability to provide global, scalable and end-to-end digital commerce solutions to its clients. Its product, Digital River Global Commerce, provides a multitenant SaaS B2C and B2B platform with global payment capabilities (which can be purchased separately), as well as optional marketing and operations subscription services. Digital River sells primarily to companies with digital commerce GMV revenue of less than \$250 million. It primarily serves clients in software and gaming, consumer technology and hard goods (e.g., housewares, tools, home improvement, office products and sports equipment).

The company is privately held by Siris Capital, a private equity firm. Digital River is headquartered in Minnetonka, Minnesota, U.S., and has offices in Asia, Europe and South America.

STRENGTHS

Complete global commerce solution: Digital River can provide functionality for B2C or B2B, including payments, global logistics and warehousing, customer service, and marketing. It can serve as merchant of record and seller of record for its clients. Reference customers scored its globalization capabilities as being very good to outstanding, and its capabilities to scale and accommodate complexity as very high to outstanding.

TCO and pricing: Digital River reference customers reported being highly satisfied with the overall value proposition. Case studies show a lower TCO than integrating multiple components from various vendors. Additionally, Digital River offers flexible pricing models and the flexibility to price based on number of transactions or merchandise value, or through product licenses.

Innovation focus: Beyond traditional digital sales, Digital River offers capability and has demonstrated production use cases for subscription-based commerce, commerce through virtual reality, purchases on games consoles and purchases originated by physical products (IoT).

CAUTIONS

Implementation resources: Digital River installs 100% of its implementations, and has fewer than five integration, implementation or development partners (compared to vendors smaller in size, whose number of similar partners can be 40 or more). Prospective clients should evaluate the availability of Digital River and external solution integrators, as well as third-party partnerships required to manage their commerce experiences.

Multichannel and retail support: Digital River does not support an integrated commerce and POS solution. Retail customers must carefully evaluate their total commerce needs if they require a multichannel solution.

Communication of product roadmap: Reference customers indicated that Digital River needs to improve communications of its product roadmap and upcoming capabilities. Prospects and existing customers will want to be aware of this to ensure they are not caught off guard with new functionality and platform changes.

Elastic Path

Elastic Path is a Visionary, having led a growing movement to API-based or headless commerce in B2C and B2B businesses, working alongside custom presentation layers, commercial web content management (WCM) and digital experience platforms (DXPs). The Elastic Path Commerce platform has customers in the high-tech, retail, manufacturing, education, media and publishing sectors, and an increasing presence in telecommunications. It typically sells to clients with digital commerce GMV revenue of more than \$10 million.

Elastic Path is a private venture-funded company, and did not release financial data as part of this research. It has raised \$19 million to date in equity rounds and was cash-positive in 2016. Elastic Path is headquartered in Vancouver, B.C., Canada, and has offices in the U.S. and U.K.

STRENGTHS

API orientation: Elastic Path is aimed at customers and system integrators that require API-based headless commerce as part of an API-oriented or content-led platform, as they migrate toward the emerging API economy.

API design: Elastic Path's modern and modular API-oriented architecture is a strong differentiator due to its agility and speed to market, exemplified by its ease of use, contextual nature and ability to support business logic in the API layer (versus the presentation layer).

Partnerships: Elastic Path's recent hosting partnership with Amazon Web Services (AWS) enables a public cloud deployment model, Elastic Path Commerce Cloud for AWS, which takes advantage of public cloud benefits such as scalability, reliability, predictable service costs and easy setup. A preintegration to Adobe Marketing Cloud simplifies the development of content-led user experiences. Even outsourcing most of its implementations to partners, Elastic Path was said by its reference customers to be helpful or very helpful during implementation.

CAUTIONS

Growth and scaling: Elastic Path is growing and expanding into APAC and South America via partners, but a large majority of both its customers and revenue still comes from North America. Prospective customers should evaluate the availability of competent resources to cover their needs in their respective areas.

Core technology: The focus on Elastic Path's Cortex hypermedia API is likely to suit more tech-oriented customers and system integrators looking for a solution to support commerce in diverse use cases, such as the IoT or embedded commerce. It may be less attractive to those that prefer a packaged or single-vendor commerce platform, or that are looking for a vendor-managed SaaS solution.

B2B functionality: Elastic Path can support both B2C and B2B commerce, but its specific B2B functionality trails that of the more mature or focused competition. It currently lacks capabilities such as role-based dashboards, use of customer-specific hierarchies and cost centers, workflow approvals, and workflow

templates.

Episerver

Episerver is a Challenger, based on its providing a B2C and B2B digital commerce and WCM/DXP solution, Digital Experience Cloud. Deployed as a Microsoft Azure cloud service or on-premises, the platform is used predominantly by organizations with digital commerce GMV revenue of less than \$100 million. Episerver completed two acquisitions in 2016 (Peerius for omnichannel personalization and Optivo for omnichannel campaign management), and has used its WCM core technologies as part of its digital transformation vision.

Owned by private equity firm Accel-KKR, Episerver has North American headquarters in Nashua, New Hampshire, European headquarters in Stockholm, Sweden, and offices in UAE, South Africa and Asia/Pacific.

STRENGTHS

Integrated content and commerce: Episerver Digital Experience Cloud provides integrated WCM, commerce, marketing and personalization capabilities. It can leverage content for commerce and marketing functions and personalization/product recommendations as a core of its functionality. A large majority of its reference customers found it easy or very easy to implement and customize; all reported high overall satisfaction with both Episerver and its platform.

Technology and innovation: A majority of its reference customers reported being very to completely satisfied with Episerver in the following areas: (1) product innovation and ability to stay in tune with the market; (2) ability to bring new and relevant product enhancements to market; (3) ability to support a future platform based on APIs and web services; and (4) Episerver's overall value proposition.

Vertical and global presence: Episerver has clients in a wide range of verticals. Its core market segments include B2C retail and brands selling direct to consumers, wholesale and distribution in both B2C and B2B business models, as well as B2B manufacturers. It also has customers in the not-for-profit sector. Approximately half of its customers are located in Europe, with 40% in North America and the remainder in Asia/Pacific.

CAUTIONS

Enterprise solution: Episerver is focused primarily on the midmarket and on divisions/business units of large enterprises, with approximately 20% of its customers generating digital commerce GMV revenue of more than \$100 million. It may not be appropriate for companies that require very high levels of scalability.

WCM/DXP focus: Episerver's commerce capability is used primarily by organizations that have also implemented its WCM technology. It may not be appropriate for companies that have standardized on alternative WCM/DXPs.

Ecosystem and partners: Episerver's partner ecosystem list has about half the number of partners when compared to those of the other included vendors. Prospects should consider their resource requirements in this area as part of their commerce vendor and platform due diligence on the built-in capabilities.

IBM

IBM is a Leader, based on its product functionality, ability to support B2C and B2B business models, and its supporting ecosystem of applications that connect to its commerce platform across the globe. IBM's digital commerce portfolio includes Watson Commerce; Watson Commerce Insights; Order Management; Configure, Price, Quote; Watson Order Optimizer; Real-time personalization solutions; Store Associate; Watson Content Hub; and Watson Customer Experience Analytics (CXA). While IBM sells to all customer segments with digital commerce GMV revenue from \$10 million to over \$1 billion, larger and more-complex businesses are its largest customer segment. It has a varying degree of presence in every vertical except tourism.

IBM is publicly traded and headquartered in Armonk, New York, U.S., with offices worldwide in over 215 countries.

STRENGTHS

Global complexity and scalability: IBM Watson Commerce supports complex, global and highly trafficked commerce sites, including some of the largest in the world. Reference customers scored IBM highly in scale and complexity.

Machine-learning integration: IBM has been ahead of other vendors in its focus on machine learning and AI, and is now incorporating these into its commerce portfolio by leveraging the efforts of other areas of IBM, as exemplified by Watson Commerce Insights for predictive merchandising and predictive search. Reference customers are highly satisfied with its ability to stay in tune with the market and bring new, relevant product enhancements to market.

Ecosystem: IBM maintains an extensive set of partners in the digital commerce ecosystem, which was highly thought of by its reference customers – all scored it "very high" or "outstanding."

CAUTIONS

Elasticity of cloud solutions: IBM works with clients prior to implementation and on an ongoing basis to determine scalability requirements for its cloud solutions. But its cloud-based solution does not automatically scale as traffic and orders increase – this is a feature provided by multitenant SaaS and some hosting and/or managed service vendors.

Product messaging: IBM's product messaging and packaging can be confusing to clients, which struggle to understand the nuances of the various technology delivery models for digital commerce, as well as the product offering and modules associated with Watson Commerce. General use of the Watson brand across IBM products also causes confusion.

Modern architecture awareness: IBM's commerce solutions have been around for 25 years. It introduced a REST-based microservice architecture in 2016, but solution integrators and existing clients may not be aware of newer IBM implementations. Clients should ensure that solution integrators or their internal IT teams are familiar with recent architecture enhancements.

Insite Software

Insite Software enters the Magic Quadrant for the first time. It is a Niche Player, offering a B2B digital commerce solution for customers in manufacturing and distribution. InsiteCommerce supports on-premises, partner- or Insite-hosted, and single-tenant SaaS deployment models, with licensing and subscription options. Its solution comes with native functionality, including CMS, PIM, product search, WCM, personalization and OMS. Insite sells primarily to businesses with digital commerce GMV revenue from \$10 million to \$100 million.

Insite is a privately held company and did not release financial data as part of this research – although it did disclose receipt of \$15 million from Volition Capital in 2015. Insite is headquartered in Minneapolis, Minnesota, U.S., with additional offices in the U.S.

STRENGTHS

B2B capability: Insite has strong B2B capabilities to deal with complex customer requirements. It supports multisite/microsite deployments with flexible data constructs, manageability, complex workflows, catalog segmentation, CPQ and role-based personalization. Its reference customers report a high degree of satisfaction with the overall value proposition of Insite's solution.

API architecture: All platform capabilities are available in APIs, with extensive documentation for developers. This enables integration with back-end systems such as ERP, CRM, digital asset management (DAM) and WCM, as well as third-party applications and services. Reference customers are highly satisfied with Insite's product innovation and thought leadership.

TCO and ease of use: Insite reference customers reported high levels of satisfaction in these three categories: overall value proposition, overall internal constituent (business user) ease of using InsiteCommerce, and customer usability and adoption of the platform.

CAUTIONS

Global reach: Insite currently has offices only in the U.S. and about 75% of its revenue is U.S.-based. Its products (employee-generated communications, internal client dashboards, training materials) are designed primarily for English-speaking markets, meaning extensive custom development and integration may be

required. Its LATAM, EMEA and APAC customers are supported primarily by local partners.

Customer focus: Insite has customers in multiple B2B vertical markets but targets primarily manufacturing and distribution. Some of its B2B customers also use InsiteCommerce for B2C. Prospective customers not engaged in manufacturing or distribution, or that require a retail or complex multichannel B2C solution may not find Insite a good fit, and should closely match requirements with Insite functionality.

Partner-dependent: The complexity of B2B requirements and extensive integration with back-end systems necessitate strong development skills. Ninety-percent of Insite's implementations are done by partners; multiple reference customers reported difficulty finding a satisfactory integration provider for InsiteCommerce. Interested customers should budget for additional service fees and/or a longer time frame.

Intershop

Intershop is a Visionary, providing its Commerce Suite for B2C and B2B companies primarily with digital commerce GMV revenue between \$10 million and \$250 million (although some Intershop customers exceed \$1 billion). It offers digital commerce software in multiple variations: hosted, on-premises or as single-tenant SaaS. The solution includes enterprise content management (ECM), an API tier, order management (OM) and MDM (for both product and customer data). Industries served by Intershop include retail, manufacturing, high tech, telecommunications and life sciences.

Intershop is publicly traded and has headquarters in Jena, Germany, with additional offices in North America, Europe, Australia and China.

STRENGTHS

Functionality for complex organizations: Intershop has adopted API orientation and introduced microservice architecture. Commerce Suite can support multiple organizations existing in one Intershop cluster (e.g., different sales units in an organization), making it a good choice for complex organizations.

Global: Intershop has global sales and support operations, with over 500 customers in 90 countries, supporting 50 languages. A majority of reference customers rated its globalization capabilities very highly. Recently, Intershop has focused on extending its ecosystem of technology, consulting, hosting and system integration partners capable of supporting large and complex commerce implementations in multiple regions.

Pricing options and TCO: Intershop offers multiple pricing models – a capex (perpetual license) and an opex (SaaS-based) pricing model. Both can be tailored to the customer's needs with additional functional options (e.g., OMS, Contact Center, Product Configurator). A majority of its reference customers were highly satisfied with the overall value proposition.

CAUTIONS

Services: Intershop outsources most professional services for implementations to partners. While it has an extensive list of partners, not all have the same tenure and experience in implementing Intershop solutions. Clients need to use due diligence in selecting professional service partners.

Awareness: Intershop offers an innovative and robust solution, but its lack of market focus has caused it to maintain slower growth compared to its peers. In essence, Intershop is not challenging the dominant vendors. If these problems continue, its impressive R&D could be impacted.

North American and Asia/Pacific footprint: Approximately 65% of Intershop revenue comes from EMEA, with customers in North America and Asia/Pacific making up the other 35%. Customers with commerce requirements outside of Europe should closely match their support needs to Intershop's customer service and support in those areas.

Kibo

Kibo, a Niche Player, provides a multitenant SaaS solution, Kibo Commerce Suite, supporting primarily B2C retail and brand businesses. Kibo was formed by the acquisition and merger of several companies and technologies, including MarketLive, Shopatron, Fiverun, Baynote and Mozu (acquired from Volusion), by private

equity firm Vista Equity Partners. The Kibo Commerce Suite includes Kibo Order Management, Kibo Mobile Point of Commerce and Kibo Real-Time Individualization. Kibo offers functionality primarily to retail and manufacturing clients in the U.S. whose digital commerce GMV revenue is under \$100 million.

The MarketLive product remains a separate product, Kibo Commerce ML, that is not part of the Kibo go-to-market strategy, and is therefore excluded from this research. Kibo's headquarters are in Dallas, Texas, U.S., with offices in the U.S. and the U.K.

STRENGTHS

Technology: Kibo is a modern, scalable platform with a rich API and SDK. Every capability in its programmatic layer is exposed with its Arc.js technology to extend microservices and its web application. Developers can use these to augment, replace or customize the behavior of Kibo eCommerce storefronts and improve shopper experiences. Reference customers are highly satisfied with its ability to support a future platform based on APIs and web services.

Integrated solution for retailers: Kibo comes as a preintegrated solution with DOM mobile point of commerce — that is, it enables a single platform for commerce, warehouse, inventory, OM, staffing and CRM applications, with real-time access into customer data. It offers real-time personalization across digital commerce and email.

Ease of use: Kibo has publicly available testimonials by customers documenting the platform's ease of use and resulting increase in efficiency. Reference customers reported being very satisfied with the platform's overall internal constituent (business user) ease of use.

CAUTIONS

Scope: Kibo's current market positioning and product direction are focused primarily on B2C retailers and brands in the U.S.; the platform has limited B2B functionality. Companies outside of B2C retailers and brands or needing a global solution will need to evaluate Kibo's capabilities against their functional requirements.

Enterprise limitations: A majority of Kibo's customers are midmarket organizations generating digital commerce GMV revenue of less than \$100 million. While Kibo has a few larger customers, it might not be suitable for companies that project revenue beyond this level.

Growing pains: Kibo has experienced rapid growth since 2015. Because it has a new platform with new integrations to OM, mPOS and personalization, clients are likely to experience a few glitches as both the company and platform usage continue to grow. Its reference customers report mixed experiences with support.

Koomo

Previously known as Zerogrey, Koomo is a Niche Player, based on its multitenant SaaS platform, "one-click" integration marketplace and relatively large customer base. A large majority of its customers generate digital commerce GMV revenue of less than \$10 million. The Koomo platform focuses exclusively on B2C retail, particularly in the high-fashion and sporting goods sectors in Europe. The platform includes built-in WCM, PIM, order and warehouse management, and marketplace integration.

Koomo is privately held. Its headquarters are in Dublin, Ireland, and it has offices in Italy, the U.S. and China.

STRENGTHS

Feature set: Koomo covers a significant breadth of integrated functionality around the commerce core, including integrated WCM, PIM, CRM, DOM and warehouse management, while remaining open to third-party integrations. A large majority of reference customers scored Koomo highly for its ability to stay in tune with the market and release new, relevant product enhancements.

One-click integration: Koomo contains a large marketplace of over 190 prebuilt integrations to ecosystem applications and services, available without customization or programming. This helps significantly with time to market and platform extension if ecosystem capabilities required by the customer are in this set. Reference customers were very satisfied with its ability to complete an integrated solution, and reported implementation time periods from one to five months, with the majority under three months.

TCO: Kooomo offers considerable savings over equivalent feature-rich products from other vendors. All of its reference customers were very satisfied with the platform's overall value proposition.

CAUTIONS

Funding: Although Kooomo continues to demonstrate double-digit growth, it is a smaller, privately held company owned by its two founders. There are no publicly available financial statements and it has received no external financing to date. Prospects should request financial information from the company as part of their due diligence.

Market awareness and sales momentum: While Kooomo has been in business since 2001, it has yet to garner market awareness outside Europe. Competition continues to grow, with some market entrants claiming to have similar solutions.

Verticals: Kooomo has clients in a limited set of verticals. It needs to expand its coverage to understand the needs of other sectors and verticals in order to maximize its potential market.

Magento

Magento is a Leader, based on its increasingly growing and flexible commerce platform that is used in many verticals and by companies of various sizes across many countries. Magento provides two solutions: the open-source Magento Community Edition and an open-core but extended commercial product, Magento Enterprise Edition. In 2016 it released Enterprise Cloud Edition with managed hosting (single-tenant SaaS), with an embedded content delivery network (CDN) that allows clients to serve their store's static files via Amazon Web Services. All upgrades and patches for the Enterprise Cloud Edition are provided by Magento and included in the subscription. This research focuses exclusively on Magento and its Enterprise solutions. Magento Enterprise is typically used by organizations with digital commerce digital sales GMV revenue of under \$100 million.

Magento is privately held and owned by Permira, a global investment firm. During the production of this research, Magento received an additional \$250 million in funding from Hillhouse, a large Hong Kong-based investor. Magento is headquartered in Campbell, California, U.S., with additional offices in Europe and the U.S.

STRENGTHS

Flexibility: With an open-core solution and REST APIs, Magento can be heavily customized (e.g., via in-house development and/or extended via its large and mature extension marketplace). This ecosystem makes Magento appropriate for a wide range of transaction types outside traditional retail or digital sales of physical products. The Magento Marketplace app store holds extensions for many verticals beyond retail.

Cost-effectiveness: Magento offers a flexible pricing model based on tiers of digital commerce GMV revenue generated through each customer B2C, B2B or B2B2C site(s). This model, coupled with license costs below those of many competitors, makes Magento a cost-effective option. A majority of its reference customers reported high satisfaction with the overall value proposition; all reported extremely high overall satisfaction with both Magento and its digital commerce platform.

Speed and architectural improvements: Since Enterprise v.2.0 (released in November 2015), Magento has made performance and architectural improvements in subsequent versions. These include separating databases for customer and product data, and check-out improvements that enable companies to manage increasing transaction volumes.

CAUTIONS

Product transition: Client transition from Enterprise 1.x to 2.x was delayed due to the lack of partner-sourced extensions (aka apps or services), and some solution integrators not being prepared for v.2.0. Improvements were made in 2016, but clients have still expressed concern. Companies should identify and carefully evaluate the availability and quality of the extensions used for their commerce sites, as well as carefully vet the technical capabilities of prospective solution integrators and their understanding of Enterprise 2.0.

Core B2B functionality: B2B implementations of Magento have relied heavily on third-party extensions to power certain functionality (e.g., buying workflows, contract pricing, custom price lists). Although a good alternative to native code, extensions require additional efforts to locate and implement. Native B2B

functionality for Magento Enterprise planned for release in 2016 was delayed and is scheduled for the first half of 2017.

Sales and support strategy: The majority of Magento's offices are in North America, with a few in Europe. With a large potential customer base in Asia/Pacific (38% of Community Edition downloads) and more multinational companies expanding into that region, this may represent a mismatch of resources as Magento continues to establish new solution and technology partners in this market to support its customers.

NetSuite

NetSuite is a Niche Player, based on its SuiteCommerce Advanced solution, a multitenant, omnichannel SaaS platform for digital commerce. The solution comes with a storefront as well as API, WCM, product content management, POS (mobile), DOM and marketing automation functionality. SuiteCommerce Advanced natively integrates with NetSuite's other SaaS solutions – ERP, CRM, OM and inventory management solutions. The vendor has customers in the industrial, energy/utilities, financial services, life science, high-tech, manufacturing, telecommunications, media/publishing, wholesale/distribution, retail, government and education sectors. It typically sells its commerce solution by leading with its ERP application to customers that are estimated to be midsize retailers and manufacturers with digital sales GMV revenue of less than \$50 million.

Prior to its acquisition by Oracle in November 2016, NetSuite was public and headquartered in San Mateo, California, U.S., with multiple offices in Europe and Asia/Pacific.

Note: At the time this research was conducted, NetSuite was an independent company with the legal entity combination with Oracle occurring in January 2017. Therefore, NetSuite was evaluated independent of Oracle in this research. NetSuite did not provide supplemental information for this research. Gartner's analysis is therefore based on other credible sources, including publicly available information and insight from client inquiries.

STRENGTHS

Global presence: NetSuite's global reach is a differentiator. Its ERP platform is deployed in over 160 countries and transacting in more than 200 countries, with 190 currencies and 19 admin UI languages supported, all from the single multitenant SaaS platform.

ERP integration: SuiteCommerce Advanced is integrated with NetSuite ERP, including the use of a single product, order and customer data management file that supports both products, which eliminates integration challenges. A new ERP-integrated SuiteBilling product enables the support of subscription, billing and financial management/reporting.

DOM: Released in 2016 as part of SuiteCommerce Advanced, Advanced Order Management provides DOM and multiwarehouse logistics management for fulfillment optimization. NetSuite also has SuiteCommerce InStore to provide POS and clienteling capability for retailers.

CAUTIONS

Oracle acquisition: Plans for how NetSuite and SuiteCommerce Advanced will fit in with existing Oracle Commerce Cloud and Commerce platforms have yet to be articulated. Gartner expects that it will be business as usual for the short term. Prospective clients should ask for clarity on positioning and any potential future integration, and an investment roadmap with other Oracle products.

Core and API tier release cycle: The core application tier and API is updated twice a year. This is a slow release rate compared to those of competitors – especially those providing multitenant SaaS platforms that lend themselves to regular updates or continuous delivery.

Focused on NetSuite ERP customers and midmarket: Though SuiteCommerce Advanced has been integrated with SAP, Oracle and other leading ERPs, this is a custom option – most of its customers use NetSuite's ERP. In fact, SuiteCommerce is typically used by existing NetSuite ERP customers, and rarely leads in the sales cycle.

Oracle

Oracle is a Leader, based on its ability to support both B2C and B2B business models, multiple digital commerce delivery models and a strong partner ecosystem. It can also field adjacent customer experience applications (both for internal users and external customers) for marketing, customer service and other areas. Its two commerce products are Oracle Commerce, a software solution that Oracle can also host, and Oracle Commerce Cloud, a newer, hybrid SaaS solution based on Oracle Commerce. The vendor serves many customer segments, but the most common ones are clients with digital commerce GMV revenue of more than \$250 million.

Oracle is publicly traded and headquartered in Redwood Shores, California, U.S., with offices worldwide.

Note: NetSuite, acquired by Oracle effective 1 January 2017, is evaluated separately and covered in a separate profile in this report due to the timing of the acquisition.

STRENGTHS

Product depth: Oracle Commerce and Commerce Cloud have different implementation requirements, functionality and pricing models. Commerce Cloud has a quicker time to market, while Commerce provides broader functionality. Both can integrate with optional Oracle merchandising and customer service, and can support configuration of complex products via embedding of Oracle CPQ Cloud.

Oracle CX: Oracle's Customer Experience (CX) Suite provides adjacent functionality for marketing, customer service, CPQ and sales functionality. The Unified CX platform provides a common architecture for interoperability between Oracle Commerce and these supporting applications via REST APIs. A majority of reference customers scored Oracle high to outstanding on its customer experience capability.

Global and scalable: Oracle Commerce Cloud was sold primarily to midtier clients in 2016, but larger clients are being onboarded as it matures. Oracle Commerce can support a global and scalable commerce environment, in complex B2C and B2B environments. Oracle's global presence and partner ecosystem provide additional support resources for large implementations. A majority of reference customers scored Oracle high to outstanding in its ability to scale and handle complexity.

CAUTIONS

Commerce product marketing and positioning: Discussions with Oracle about its two digital commerce products can be confusing. Oracle Commerce and Commerce Cloud are separate offerings with different functionality, but are often marketed as the same product with identical functionality, but with differing delivery methods. Prospective clients need to be very specific in discussions with Oracle regarding which of these two products is under discussion.

Commerce Cloud B2B functionality: Oracle Commerce Cloud has not caught up to Commerce's more-complex B2B functionality, which can be required for selling to large enterprises. Customers evaluating Commerce Cloud for B2B selling should carefully match their B2B customer usability requirements against the functionality offered.

Interoperability: Oracle's CX products are not completely interoperable, although Oracle continues to make progress in this area with initiatives such as Unified CX. While Oracle's breadth of CRM/CX/Commerce functionality is mostly positive, prospective customers should not assume integration and interoperability between these products. They should understand the current and future states of integration as it relates to their requirements.

Salesforce

Salesforce is a Leader, based on its growing customer base of B2C retailers and brands, its ability to quickly deploy commerce sites and subsites, and its ease of use for internal users. Salesforce acquired Demandware in 2016 and renamed it as Salesforce Commerce Cloud. The platform is a multitenant SaaS commerce product that has historically been licensed almost exclusively on a revenue-share basis to retailers and branded manufacturers. Commerce Cloud is especially strong with B2C companies generating digital commerce GMV revenue between \$50 million and \$100 million, although customer size is gradually increasing. Gartner estimates that, at the time of acquisition, approximately 11% of Salesforce Commerce Cloud customers had digital commerce GMV revenue of more than \$100 million, with some generating over \$200 million.

Salesforce is publicly traded, with headquarters in San Francisco, California, U.S., and offices worldwide.

STRENGTHS

Market and vertical presence for retail: Salesforce Commerce Cloud has established a strong reputation with B2C retailers and brands for its vertical market expertise, which includes supporting retail POS integration and AI functionality unique to Commerce Cloud (Commerce Cloud Einstein) for email marketing and product recommendations. Clients report quick and reliable setup of multiple commerce sites and subsites, with relatively low overhead for internal users. All reference customers reported very high satisfaction with Salesforce's SLA compliance.

Salesforce and ecosystem: Gartner believes the Demandware acquisition was positive for both companies, giving Salesforce a respected commerce platform and Demandware additional market presence and sales/support resources. Salesforce's strong CRM market presence and adjacent CRM and platform technologies will increase the appeal of Demandware for the current user base, although it should be noted that a majority of Salesforce customers are supporting B2B.

Technology and pricing model: Salesforce Commerce Cloud's multitenant SaaS architecture and revenue share pricing model enable a relatively short time to productivity and the deployment of periodic functional product enhancements. They help reduce TCO, particularly in the short term. This technology and pricing model is appealing to B2C organizations with limited technical resources, or that require the ability to deploy and enhance a commerce platform quickly. The majority of reference customers reported that the platform was easy to implement.

CAUTIONS

Revenue share: While Salesforce Commerce Cloud's pricing model is not unique and does include tiered pricing (i.e., as GMV increases, the revenue share percentage decreases), it is the most frequently cited topic of concern for Gartner clients either using or evaluating Commerce Cloud. Companies evaluating it should model their projected revenue and commerce-related costs over three to five years and compare those costs, as well as the anticipated benefits of the SaaS/revenue share model, against other license models available on the market.

B2B limitations: Salesforce Commerce Cloud has limited B2B capability and does not support functionality such as the ability to support complex product and organizational hierarchies, role-based purchasing, or contract and purchase-order-based purchasing and workflows. Companies with robust B2B requirements should evaluate other commerce platforms with broader functionality in these areas; Salesforce customers should evaluate the solutions available on Force.com.

Interoperability: Interoperability between Commerce Cloud and other Salesforce products (e.g., Marketing Cloud, Force.com) should not be assumed. Although Gartner believes that interoperability with adjacent Salesforce products will occur, no timeline has been released for this. Prospective customers should request a definitive roadmap.

SAP Hybris

SAP Hybris is a Leader, based on the ability of SAP Hybris Commerce to support both B2B and B2C business models and global, scalable commerce implementations; its presence in multiple vertical industries; and its ecosystem and adjacent technology areas. SAP Hybris continues to invest in adjacent commerce technologies. Its front-office portfolio includes: SAP Hybris Commerce, SAP Hybris Customer Experience, SAP Hybris Marketing, SAP Hybris Profile, SAP Hybris Sales, SAP Hybris Service, SAP Hybris Revenue and SAP Hybris as a Service (YaaS) – the microservice-based innovation extension platform. While the company sells to organizations of all sizes, the most typical commerce customer generates digital commerce GMV revenue between \$50 million and \$1 billion.

SAP is publicly traded and headquartered in Walldorf, Germany, with offices worldwide.

STRENGTHS

Growth: SAP Hybris continues to exhibit double-digit revenue growth for its software solution, and triple-digit growth for both its cloud offering as well as new customers for B2C and B2B. Likewise, SAP Hybris Commerce continues to drive high volumes of inquiries from Gartner clients across a range of industries and

regions. Gartner estimates SAP Hybris Commerce customer growth of approximately 35% in 2016. All reference customers reported extremely high overall satisfaction with both SAP and its SAP Hybris digital commerce platform.

Platform functionality: SAP Hybris Commerce has a rich set of core commerce functionality (digital and physical goods, subscription billing, services, and data-rich products/services). SAP continues to invest in adjacent technologies and solutions to augment SAP Hybris Commerce, such as SAP Hybris Revenue and SAP Hybris YaaS, its microservice platform. The platform integrates with other SAP applications such as SAP ERP, via the SAP Data Hub, and SAP continues to build out functionality in CX, marketing, WCM, merchandising and customer service.

Ecosystem and vertical industry support: SAP continues to invest in increasing its ecosystem of service providers and technology partners (e.g., Accenture Interactive, Capgemini, Deloitte Digital, IBM, Infosys). SAP Hybris Commerce has modules and/or accelerators for specific industries (e.g., grocery and CPG, education, utilities, financial services and insurance, public sector/government and telecommunications).

CAUTIONS

Cloud confusion: SAP Hybris Commerce can be implemented on-premises or as a private cloud solution (single-tenant SaaS, not multitenant). Prospective clients should be aware that Gartner believes that this hosting model can provide many, but not all, of the benefits of a multitenant SaaS solution.

YaaS positioning: SAP has aggressively invested in and promoted its SAP Hybris portfolio and SAP Hybris YaaS microservice cloud platform, yet has been slow to position it as a marketplace for cloud services that extend SAP Hybris Commerce. Core services remain in beta in some territories. Gartner clients have expressed confusion about the purpose, capabilities and use case of YaaS, often mistaking it for an alternative, multitenant SAP Hybris Commerce solution.

CX, marketing and content management: While SAP continues to invest in and augment its CX, marketing automation and content management capabilities, clients should evaluate products in these areas against best-of-breed solutions that typically contain greater functionality. Based on their respective requirements, Gartner clients are mixed in whether these SAP Hybris solutions meet all of their needs.

Shopify

Shopify is a Niche Player, providing a multitenant SaaS platform to SMBs in the B2C space. Its portfolio includes Shopify, Shopify Plus, Shopify POS, Shopify Payments, Shopify Shipping and Shopify Capital. Although it typically sells to retail clients with digital commerce GMV revenue of less than \$50 million, its customer base processed total digital commerce GMV revenue of \$15.4 billion in 2016 on its platform.

Shopify is publicly traded and headquartered in Ottawa, Ontario, Canada, with other offices in Canada and the U.S.

Note: Shopify did not provide supplemental information for this research. Gartner's analysis is therefore based on other credible sources, including publicly available information and insight gained from client inquiries.

STRENGTHS

Ecosystem approach: Shopify has a large, vibrant partner community that includes app developers, theme designers and others who enrich the platform (having produced about 1,400 apps on its internal app store), as well as those who serve as distributors by referring new customers to Shopify. This second partner community contributed to its strong double-digit annual growth in subscription revenue in 2016, with over 11,000 partners referring at least one merchant to Shopify.

One-stop shop: Shopify is expanding its offerings from its core commerce platform to include payments, POS, social commerce, shipping and merchant financing, to address more needs of SMBs. Together with its internal app store, this adds to the ease of use often cited by its customers as a key advantage of the platform.

TCO: Shopify is competitively priced, with multiple flat-rate options advertised on its website along with a free trial offering, both of which are not very common in digital commerce. All pricing options include 24/7 live agent support. Based on Shopify's financial results for 2016, the average monthly subscription fee per

merchant was \$50 with an average monthly total spend of \$100.

CAUTIONS

Advanced features: Shopify's platform lacks the sophisticated features required by many large businesses. Features such as DOM, support for complex and digital products, multibrand and multisites, predictive and advanced analytics, logistics and fulfillment, integration APIs, and customization are weak or nonexistent.

Global selling: Although Shopify has customers in over 175 countries, 82% of its customers are in the U.S., the U.K., Canada and Australia (as of December 2016). Support for local languages, currencies, search engines, social media, payments and shipping options is weak or nonexistent.

Product roadmap: Shopify doesn't share its roadmap with customers or Gartner. Large businesses interested in the platform should ask for a roadmap to ensure it can meet their future business requirements.

Sitecore

Sitecore is a Niche Player, offering Sitecore Commerce for B2C. The software solution is the result of Sitecore having acquired the commerceserver.net platform in late 2013, rewritten it and integrated it with the Sitecore Experience Platform, which includes WCM, multichannel campaign management tools and a digital marketing hub. The Sitecore Commerce solution is also available for Microsoft Dynamics. Sitecore Commerce serves retailers and branded manufacturers in multiple size segments, but the most common segments are with digital commerce GMV revenue between \$100 million and \$500 million.

Sitecore is headquartered in Copenhagen, Denmark, with offices throughout North America, Europe and Asia/Pacific.

STRENGTHS

Technology: Sitecore Commerce is a new development on .NET Core architecture, built as a thin ASP.NET Core application. It can be hosted or run as a service, has extensive APIs and web services that make API-centric functioning possible, and was designed to be an integral part of the Sitecore Experience Platform. All its reference customers reported high satisfaction with product innovation and thought leadership.

Fully integrated commerce and web content with marketing: Sitecore Commerce offers natively integrated commerce with WCM. Reference customers cited this combination as being the enabler of their unified commerce strategies.

Targeted organization size: Although Sitecore targets a more focused customer segment, it actually supports a breadth of retailer sellers with a wide range of digital commerce GMV revenue, making it a good solution for sellers poised for growth.

CAUTIONS

Scope: Sitecore Commerce is 100% retailer-focused, serving both retailers and manufacturers in B2C selling. B2B selling is typically through partnership with Insite Software. Clients needing either a B2B solution or support for a vertical beyond retail or content-oriented commerce may not find Sitecore suitable for their needs.

Product tenure and market awareness: Sitecore comes from a long background in WCM but is new to digital commerce. Although the product is well beyond beta, customers should consider the potential for a few unplanned challenges and functionality lapses. Market awareness of its digital commerce entry is also lacking — few Gartner clients have been aware of its new solution.

Commerce partners: Technical resources are often scarce with any new commerce platform, and Sitecore's ecosystem partner list is much shorter than those of more-established vendors in this market. Clients could experience short-term challenges in finding suitable implementation partners. A few reference clients reported difficulty finding a satisfactory integration provider.

Unilog

Unilog is a Niche Player, providing its CIMM2 digital commerce platform for B2B in both single-tenant and multitenant SaaS versions on the Google Cloud Platform. CIMM2 includes storefront, POS, API (the API toolkit costs extra), CPQ, PIM, DAM and WCM capabilities. Unilog sells to customers in all size segments, but the

most common customer segment size is those with digital commerce GMV revenue of less than \$250 million. Unilog has customers in the industrial, business service, energy/utilities, life science, manufacturing, wholesale/distribution and retail sectors.

Unilog is privately held, with 18% equity held by Kalaari Capital. The company is headquartered in Bangalore, India, and has its U.S. base in Philadelphia, with additional offices in Canada, the U.K. and Australia.

STRENGTHS

Market focus: Unilog focuses on the particular challenges of digital commerce for B2B distributors, and services many of the leading industrial and electrical distributors in the U.S. Most reference customers reported high satisfaction with Unilog's TCO.

Product configuration: Unilog has built product configuration systems for B2B customers with complex product catalogues and hierarchies, and is actively developing augmented reality applications to support these. Together with its product content management strength, this is a differentiator. Reference customers reported ease with implementing CIMM2.

Subscription and billing: Unilog offers subscription management and billing within the CIMM2 platform. The module for selling digital goods, however, requires a separate add-on price.

CAUTIONS

Resourcing: Unilog continues to grow rapidly, and has added more than 200 customers in three years. But it has few implementation partnerships outside the U.S., so support outside North America may be limited.

Order management: A third-party integrator is usually required for DOM or complex order management requirements. Unilog, however, has partnerships and prebuilt integrations with Epicor, Infor, SAP and JD Edwards as an alternative to providing the capability.

Narrow focus: Unilog's focus on manufacturing and distribution means that, for businesses wishing to embrace other types of commerce, its functionality cannot match that of broader competitors that also focus on both the B2B and B2C markets.

VTEX

VTEX is a Niche Player, based on it primarily serving retailers and branded manufacturers in Latin America, although it is starting to make inroads in both the U.S. and Europe. The VTEX Cloud Commerce Platform is a B2C multitenant SaaS solution serving sellers with digital commerce GMV revenue of typically less than \$10 million.

VTEX is privately held, with a 25% investment by Riverwood Capital. Although originally started in Brazil, it moved its headquarters to London, U.K., in 2016, and has offices in North America, South America and Europe.

STRENGTHS

Latin America presence: VTEX has offices in six Latin American countries – Argentina, Chile, Peru, Colombia, Mexico and Brazil – with customers in additional Latin America countries. It understands the market and has partners for payments and logistics to support clients in the region.

Technology and functionality: The VTEX Cloud Commerce Platform is a multitenant SaaS offering with native support for SEO, PIM, WCM, enterprise search, customer engagement and payments, which includes a novel one-click payment solution. It also has a strong ecosystem partner network, supports more than 70 microservices in production, and has APIs for over 40 independent functions.

TCO and time to market: VTEX reports a historical average of 109 days from kickoff to go-live (one client reported quick deployment in seven countries – the first country in 90 days, the next four within the next 30 days and the other two within the next 30 days). Reference customers reported easy implementation, and most cited high satisfaction with TCO.

CAUTIONS

Funding: Although VTEX is growing strongly, it is a smaller, privately held company with a large percentage of its value held by its co-founders and a few key employees. The value of the 25% investment is unknown and cannot be verified through publicly available financial statements. Prospects should request financial

information from the company as part of their due diligence.

Scope and geography: VTEX is predominantly B2C-focused, with limited B2B capability. Most of its revenue is generated in Latin America. Companies with requirements outside of B2C will need to evaluate its capabilities against their functional requirements; companies needing a global solution may not find VTEX suitable for their needs.

Enterprise limitations: Although having some larger customers, the majority of VTEX's customers are lower-midmarket organizations generating digital commerce GMV revenue of less than \$10 million. This focus may make VTEX unsuitable for companies that project greater revenue levels.

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.

Added

Insite Software

Kibo (formerly Mozu, previously MarketLive)

Kooomo

Salesforce (acquired Demandware)

Sitecore

VTEX

Dropped

Avangate

cleverbridge

Demandware (acquired by Salesforce, now included as Salesforce)

MarketLive (acquired by Kibo but excluded from this research)

MyWebGrocer

Volusion

Inclusion and Exclusion Criteria

This Magic Quadrant evaluates vendors of digital commerce platforms that support B2C, B2B, B2B2C and combination business models across multiple industries, including retail, branded manufacturing, distribution and wholesaling, industrial manufacturing, high technology, telecommunications, publishing and media, and travel and hospitality – regardless of IT delivery model.

Inclusion criteria are used to determine which vendors are covered in a Magic Quadrant. It is important to note that criteria change from year to year, due to innovation and business changes in the market. Vendors' inclusion and positions in any Magic Quadrant may change over time, due to changes in the vendors themselves, the evolution of the industry, and changes to Gartner's inclusion and evaluation criteria.

To be considered for this Magic Quadrant, the vendors and their products or services had to meet the inclusion criteria described below. The vendors with the highest aggregated evaluation scores in the inclusion criteria have been included.

The cutoff date for considering product enhancements, mergers and acquisitions or other potentially noteworthy company activities was 31 December 2016.

Market Presence and Company Viability

Vendors must demonstrate both company viability and market presence, as indicated below:

Have a strong or dominant presence within a market sector in a minimum of one geographic region (U.S., Europe, Asia/Pacific, Latin America), and have a viable product *or* a large presence in two or three geographic regions, based on the number of customers or revenue within each region.

Have engaged a minimum of 10 new and nameable customers over the past four quarters, and shown significant year over year (YoY) growth.

Show YoY financial improvements in cash flow and total company revenue as well as product revenue *or* digital commerce GMV revenue of products or services being sold on the platform.

Indicate a sufficient number of paying customers to prove product maturity (e.g., has moved from beta to mainstream).

Be of interest to Gartner clients – identified by the number of inquiries in which the vendor was on clients' vendor shortlist, plus activity on Gartner's website.

Have demonstrated sufficient support for the commerce ecosystem of technology (different application types) and service provider partners (partner name), by having either expanded functionality *or* a robust partner network of vendor-certified partners for the greater digital commerce ecosystem and the level of the partnership. In the case of external partners, the vendor must have demonstrated the number of partners, type and level of relationship, longevity of the relationship, and the tightness of the relationship.

Product Functionality

Vendors must offer a digital commerce platform that includes the following capabilities:

Baseline commerce functionality such as storefront, product catalog, shopping cart and check-out, *or* corresponding APIs that enable client flexibility and promote customization for the clients' customers, *or* both (showing a shift to the API economy) for organizations supporting B2C, B2B, B2B2C *or* any combination.

Internationalization and localization, meaning the ability to support multiple languages and currencies natively *or* by proven integration with an ecosystem partner.

Personalization – the ability to personalize the customer's shopping experience based on market *or* segment requirements natively *or* by proven integration with an ecosystem partner.

Support for an expanded commerce ecosystem natively *or* by a proven integration with an ecosystem partner, including those identified in "Leverage the Gartner Digital Commerce Technology Ecosystem to Optimize IT Decisions," such as WCM, OM, commerce search, merchandising and analytics.

Product Agility

Vendors must offer a solution that reduces time to market and TCO for clients, as indicated below:

A business-facing user interface API *or* web service availability for customizing clients' customer experiences.

Preintegration with back-office applications, giving the ability to easily integrate with back-office applications such as ERP, OM, CRM *or* warehouse management/logistics applications, and to provide documented and supported APIs *or* equivalent integration tools.

An API/SDK *or* app development framework approach for multichannel, giving the ability to support multiple mobile device types *or* operating systems, including mobile phones, tablets, kiosks, digital displays and other store/consumer-owned devices.

Honorable Mentions

Gartner currently tracks more than 90 vendors in this space. While this research identifies the top 21 vendors based on our inclusion criteria, an excluded vendor does not mean that the vendor and its products are not viable. There are several noteworthy, more narrowly focused vendors that met our inclusion criteria, but fell short of those included due to either serving a narrower niche industry/target market or having fewer customers due to being late to market.

- Avangate
- commercetools
- Corevist
- Emeldi Group
- MyWebGrocer
- Pepperi
- ShopEx
- Skava
- Symphony

Evaluation Criteria

Ability to Execute

Enterprises evaluating digital commerce applications have wide-ranging requirements depending on their industry, business and revenue model, sales strategy, and geographic focus. Breadth of product and service functionality, company viability, market responsiveness, and customer experience are all highly weighted criteria (see Table 1).

It should be noted that no weights changed this year.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	
Product or Service	
Weighting	High
Overall Viability	
Weighting	High
Sales Execution/Pricing	
Weighting	Medium
Market Responsiveness/Record	
Weighting	High
Marketing Execution	
Weighting	Medium

Customer Experience	
Weighting	High
Operations	
Weighting	Medium

Source: Gartner (April 2017)

Completeness of Vision

Vendors demonstrating an understanding of their customers' evolving needs, incorporating new customer demands into their product strategies, and exhibiting technological innovation in their digital commerce products exhibit Completeness of Vision in this market. Market understanding, offering strategy, vertical/industry strategy, innovation and geographic strategy are all highly weighted criteria (see Table 2).

It should be noted that three weights changed this year in order to better reflect client needs:

Business model – Changed from medium to high in order to depict market demand for alternative IT delivery methods such as SaaS and multiple pricing options.

Vertical/industry strategy – Changed from high to low in recognition that most clients seek a digital commerce platform for a specific industry versus multiple industries.

Geographic strategy – Changed from high to medium in recognition that not all clients seek global solutions.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	
Market Understanding	
Weighting	High
Marketing Strategy	
Weighting	Medium
Sales Strategy	
Weighting	Medium
Offering (Product) Strategy	
Weighting	High
Business Model	
Weighting	High
Vertical/Industry Strategy	

Weighting	Low
Innovation	
Weighting	High
Geographic Strategy	
Weighting	Medium

Source: Gartner (April 2017)

Quadrant Descriptions

The following sections summarize the general characteristics of vendors in each of the four quadrants. Companies seeking digital commerce platforms are, however, best-served by matching the functionality, industry expertise and cost of solutions offered by vendors to their requirements, irrespective of the quadrant in which the most suitable platform's vendor appears.

Leaders

Leaders demonstrate the ability to:

- Provide depth and breadth of commerce functionality

- Deliver commerce capabilities across multiple industries and business models

- Deliver commerce platforms that can scale up to support large transaction volumes and high levels of digital commerce GMV revenue

- Provide sales and support services both directly and through an ecosystem of application, services and integration partners

- Deliver additional application functionality that integrates with their core commerce platform

Leaders also have financial, technical and organizational viability, and they appear consistently on client evaluations of digital commerce vendors. They often set the competitive benchmark against which other vendors compare themselves.

Challengers

Challengers provide commerce functionality that may be narrower in scope than those of Leaders, or that focuses on fewer industries, geographies or business models. These vendors are often highly respected within a narrow range of industries, business models or deployment options. They invest in technology innovation that is central to their targeted markets, but often find it challenging to expand into new industries and regions, and to provide functionality beyond that of their core products. Challengers are often innovators that use their R&D resources, access to investment, profits and market reputation to grow quickly.

Visionaries

Visionaries demonstrate the ability to disrupt established commerce markets through the use of new technologies or pricing strategies, or by focusing on a narrow market segment. Visionaries often win new customers quickly because they have identified an underserved niche in the market, not addressed by Leaders or Challengers. Visionaries often find it challenging to communicate their competitive advantage effectively, and to compete with larger companies that have more resources or a much broader sales, support and partner network. Visionaries are often still funded by venture capital or private equity companies, which provide the capital that enables them to invest in technology and sales resources.

Niche Players

Niche Players address a narrow band of the market, defined by industry, digital commerce GMV revenue, company size, region, technology capability, or a combination of these. Niche Players frequently provide a cost-effective solution and often target smaller or emerging-market opportunities, or smaller end-user companies.

Niche Players often:

- Lack geographical or transactional scale

- Attract a significantly smaller range of technology, implementation or service partners

- Lack the financial viability of Leaders and Challengers

Clients should not assume that Niche Players or their products perform poorly or cannot address core technology needs; Niche Players often provide an appealing combination of product functionality and cost that can address specific, core technology requirements effectively. Niche Players have to meet the same inclusion criteria as Leaders, Challengers and Visionaries do.

Context

Our inclusion criteria for this Magic Quadrant emphasize the financial wherewithal of the digital commerce vendors as well as the robustness of their digital commerce platforms, most of which enable large volumes of buying transactions and significant levels of digital commerce GMV revenue. Many platforms support the needs of multiple industries and multiple regions, if not offer global support.

Our evaluation criteria emphasize the ability to develop, deploy and support a unique and compelling customer experience. They stress migration to more flexible and nimble implementation that reduces both time to market and TCO, as well as the vendor's ability to attract and develop an ecosystem of technology and service provider partners that add value to its platform.

Not every company's requirements are identical. As noted above, we encourage clients to match their functionality, industry expertise and cost requirements to vendors in all four quadrants.

Market Overview

The digital commerce platform market continues to grow steadily. Gartner forecasts annual growth of 15% from 2015 through 2020, with all regions expected to reach a double-digit CAGR for the next five years. This annual growth includes revenue from SaaS, licenses and maintenance. Worldwide spending on digital commerce platform software is expected to reach \$9.4 billion by 2020, in constant currency. The on-premises deployment model will account for 53% of software revenue.

Based on Gartner's latest forecast, North America accounted for 47% share of digital commerce platforms, Western Europe accounted for 28% and Asia/Pacific for 15% in 2015. All regions are expected to reach a double-digit CAGR through 2020, but Asia/Pacific leads with the highest CAGR, at 18.7%. Drivers, inhibitors and partner ecosystems in each country/region are uniquely different. (Note: The digital commerce platform forecast does not include in-house/custom software and professional services – see "Market Trends: Digital Commerce Platforms in Growth Mode, Worldwide.")

The growing demand for digital commerce is also reflected in Gartner's recent end-user survey (see the Evidence section), in which 80% of respondents said they intended to increase their digital commerce IT budget for 2017. Within seven selected verticals in the U.S., the U.K., Germany, China and India, the retail sector is the most aggressive, with 93% of respondents planning a budget increase. Retail also has the second-highest average budget increase of 22% for 2017, followed by services, wholesale and manufacturing.

In the 2016 Gartner CEO Survey of end users, results indicated that digital sales revenue, digital channels and customer experience are currently high priorities in CEO agenda. This sets the stage for growth in the digital commerce platform market. When asked to choose the top three expected outcomes/impacts of digital for their enterprises, CEOs' top two responses were:

- To generate more revenue/customer value through superior operations

- To generate a greater proportion of business through digital channels

There are a couple of market patterns we noticed during the research for this Magic Quadrant that are worth mentioning:

1. *Vertical focus* – Instead of addressing a wider market and thus being more likely to reach Leader status, many vendors are focusing on gaining market dominance in one or more vertical niches – for example, B2B distribution, brands or telecommunications. The digital commerce market is not consolidating in the way some previous software markets have; it continues to fragment and face disruption. It bears repeating that niche placement does not imply inferior product quality.
2. *API-based commerce* – Although Elastic Path is the only pure commerce API in this Magic Quadrant, several other vendors now provide full API access to their commerce functions, and this is a growing trend.

Acronym Key and Glossary Terms

API	
B2B	
application programming interface	business-to-business (selling)
B2C	
application programming interface	business-to-consumer (selling)
B2B2C	
application programming interface	business-to-business-to-consumer
CAGR	
application programming interface	compound annual growth rate
CAPEX	
application programming interface	capital expenditure
CPQ	
application programming interface	configure, price and quote
CRM	
application programming interface	customer relationship management
DAM	
application programming interface	digital asset management
DOM	

application programming interface	distributed order management
ECM	
application programming interface	enterprise content management
GMV	
application programming interface	gross merchandise value (of products sold on a digital commerce platform)
OM	
application programming interface	order management
OPEX	
application programming interface	operational expenditure
PIM	
application programming interface	product information management
POS	
application programming interface	point of sale
SEO	
application programming interface	search engine optimization
SDK	
application programming interface	software development kit
SMB	
application programming interface	small or midsize business
TCO	
application programming interface	total cost of ownership
WCM	
application programming interface	web content management

Evidence

This Magic Quadrant is based on Gartner's primary and secondary research, including but not limited to:

"Market Trends: Digital Commerce Platforms in Growth Mode, Worldwide."

The 2016 Gartner Digital Commerce Platforms in Digital Business Survey.

Data pertaining to digital commerce IT spending by vertical comes from the Digital Commerce Platforms end-user survey. This survey was conducted during the second quarter of 2016. Qualifying organizations spanned various industries and had revenue of \$100 million or more. Participants were screened for usage of digital commerce platforms. These companies either already had or were planning to use digital commerce platforms. The sample represented organizations in China (n = 103), Germany (n = 76), India (n = 125), the U.K. (n = 105) and the U.S. (n = 152). All respondents were screened for involvement in strategic decisions for digital commerce platforms within their organization.

"2016 CEO Survey: The Year of Digital Tenacity."

The 2017 Gartner Digital Commerce Customer Reference Survey

The digital commerce reference check is part of the data-gathering effort to help Gartner build its existing knowledge of vendors in this market.

During the kickoff of the digital commerce process, all invited vendors were asked to submit a minimum of 10 to 11 reference customers that generally represented the inclusion criteria. The vendor provided reference contact information, which was used to invite the references to complete a 20-minute online survey.

A total of 152 references from 19 vendors completed the survey from 4 to 25 January 2017.

Vendor reference data is different from primary research and is not a representative knowledge base of the digital commerce market. The 152 references do not represent customers in the overall digital commerce market; just the select customers the 19 vendors chose to share with Gartner that ultimately elected to participate as a reference check.

Extensive data on functional capabilities and ecosystem support, customer-based demographics, financial status, pricing and other quantitative attributes, gained via an RFI-like process engaging vendor in this market. This was administered during the fourth quarter of 2016, with updates to product functionality as of 31 December 2016 as well as from similar sources collected in previous years.

Interactive briefings in which the vendors provided Gartner with insight on their product capabilities.

Feedback about vendors and their products captured during conversations with users of Gartner's client inquiry service, based on thousands of end-user and client interactions with the digital commerce team in 2016.

Generally available sources of information.

Note 1

Digital Commerce Application Deployment Models

Multitenant SaaS: A commerce application shared by multiple clients, with hosting provided by the commerce vendor or a third party.

Single-tenant SaaS: A customized commerce application (i.e., customer-specific instance) that can be hosted and managed by the vendor (also called "managed cloud hosting" or "single-tenant cloud"), or with infrastructure and platform as a service.

Licensed and open-source software: A commerce application that is implemented on the server (e.g., virtualized private server), system or network of the client, hosting partner or vendor.

Hybrid SaaS (digital commerce platform): A commerce application that is a mixture of multitenant and single tenant (e.g., a database or an application instance) on a multitenant infrastructure and platform.

Hybrid SaaS (digital commerce ecosystem): A commerce application that is software (on-premises, hosted by a third party or single-tenant SaaS) or hybrid and coupled with multitenant ecosystem SaaS applications (e.g., search or "marketing cloud") that are offered by the commerce application vendor.

See "*Digital Commerce Platforms Moving to the Cloud: The Steps to Take and the Benefits You Can Expect.*"

Note 2

Digital Commerce GMV Revenue

Digital commerce GMV revenue is the gross merchandise value of all revenue being generated on a digital commerce platform; it should not be confused with total revenue as reported on a company's financial statements.

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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