Magic Quadrant for Digital Commerce

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Digital commerce platform choice has grown in complexity due to increased vendor choice and breadth of offerings, pricing model complexity and emerging managed service offerings. This report evaluates 18 vendors of digital commerce platforms to assist application leaders supporting digital commerce.

Strategic Planning Assumptions

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

By 2020, more than 50% of online sellers will either list their products on marketplaces or sell third-party products on their core commerce sites.

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

By 2022, at least 5% of digital commerce orders will be predicted and initiated by AI.

By 2022, 10% of the organizations running digital commerce will build that into a platform business to transform into digital businesses, and 60% of those will use an open ecosystem to scale the growth.

Market Definition/Description

Gartner's view of the digital commerce market is focused on transformational technologies or approaches delivering on the future needs of end users. It is not focused on the market as it is today.

Gartner defines the digital commerce market as the buying and selling of goods and services using digitalization technologies that result in a transaction of value to the customer. Selling may encompass the internet, mobile networks, social networks, the Internet of Things (IoT) and so on. While the digital commerce market is supported by an entire ecosystem of technologies, the core technology remains digital commerce platforms. These are often augmented with other applications and integrated services for the purpose of delivering an optimum customer experience.

Basic functionality of digital commerce platforms includes*, but is not limited to:*

- Merchandising, pricing and promotion management.
- Shopping cart and check-out.
- Various levels of SEO via tagging and mapping.
- Search capabilities for products in the digital store.
- Localization of the storefront for other countries.

Platforms typically include:

- APIs and integration capabilities for core back-office technologies (such as ERP and order management [OM]) as well as for customer-facing applications (such as personalization and mobile applications) and other distribution channels (such as mobile, social networks, marketplaces and customer service applications).
- Such standards as security, access management, analytics and reporting.

Platforms typically include similar, but not identical, functionality. For example, while many platforms support digital goods, B2B selling or OM, not all share the same discrete set of functionalities for their offerings. This adds to the complexity of digital commerce platform selection (see "Leverage the Digital Commerce Technology Ecosystem to Optimize IT Decisions" for more insight into these nuances).

Digital commerce platforms support relationships between sellers and buyers, who may be consumers (B2C) or other business buyers (B2B). In some cases, these platforms support distribution networks enabling a connection between sellers, distributors and end customers (B2B2C). In other cases, they support continual buying through automation with such features as automated replenishment or subscription services.

Platforms of the future will use technology to

- Understand the customer as an individual and anticipate that customer's needs
- Bring simplification to the purchasing process
- Personalize the customer's experience while maintaining privacy and respect

A new breed of seller will emerge focused on solving customer problems versus selling products, empowered by digital commerce platforms.

Magic Quadrant

Figure 1. Magic Quadrant for Digital Commerce

Source: Gartner (June 2018)

Vendor Strengths and Cautions

2Checkout

2Checkout is a Niche Player, offering two multitenant SaaS solutions today that target B2C businesses in the high-tech and IT industry: Avangate and 2Checkout. Avangate acquired 2Checkout in March 2017 and renamed itself 2Checkout. The two SaaS solutions will be combined under the platform name Avangate. Today, the Avangate platform primarily serves sellers of digital goods with multiple subscription billing models. The 2Checkout platform is primarily a payment provider with limited commerce capabilities for physical goods. Combined, both platforms offer a digital storefront, channel management, OMS and fulfillment management solutions, along with payment and affiliate marketing services. 2Checkout targets organizations with online GMV of less than $10 million.

The combined company is 100% owned by Francisco Partners. It is headquartered in Amsterdam, Netherlands, with offices in the U.S. and Romania.

Strengths

- **Subscription and billing function:** The vendor combines Avangate's strength of serving digital businesses and 2Checkout's payment solution to enable sophisticated subscription and billing capabilities. It supports flexible rate plans and billing cycles, as well as proration, upgrades, renewals and terminations.
- **Affiliate network:** 2Checkout has a global affiliate network that includes 50,000 partners for software and digital service distribution. It employs a performance-based payout model. Customers use the network — still branded Avangate — to quickly expand their distribution channels and increase sales.
- **Globalization function:** Many customers are global businesses that sell in multiple countries. 2Checkout supports 130 currencies, 30 languages and more than 45 payment methods. It includes features such as account updater and retry engines to maximize revenue opportunity.

Cautions

- **Functionality for physical goods:** Converting 2Checkout capabilities and its customers to the Avangate platform remains a work in progress. Prospects should closely review the 2Checkout product roadmap and match requirements to Avangate functionality, as limitations for physical products are likely to exist. Almost 60% of 2Checkout's customers sell digital software and most others have relatively simple product catalogs.
- **Service partner and application ecosystem:** 2Checkout has the shortest partner list of all the vendors in this Magic Quadrant. This can present an implementation challenge — especially when integrating with other WCM, search or personalization solutions.
- **Reliance on self-service:** Customers sign up to access 2Checkout services via a straightforward online process. Once onboard, a substantial amount of ongoing support relies heavily on live chat, phone, email and social media.

Apttus

Apttus is a Challenger due to its growing customer base and B2B solution, which includes CPQ and contract management. Its solution supports multitenant deployments in both the Salesforce Lightning Platform and Microsoft Azure environments, and has a private cloud deployment option for Azure. Apttus targets B2B businesses in the manufacturing, high-tech, life science/healthcare, financial service and telecommunications industries. Its offerings include CPQ, CLM, promotion/rebate management, billing/renewal management and a chatbot for guided selling. Its typical customers have an online GMV between $250 million and $1 billion.

Apttus is a private company that has received $329 million in funding since 2013. Its investors include Salesforce, IBM, ICONiQ, K1, KIA, GII and Premji Invest. It is headquartered in San Mateo, California, U.S., with offices in the U.K., Australia, Japan and India.

Strengths

- **B2B functionality:** Apttus originated from a CPQ and CLM background so has a good understanding of B2B requirements. Its product can support complex organizational hierarchy, product catalog, and billing and subscription requirements. Reference customers highly rated its B2B functionality.
- **AI for sales force augmentation:** Apttus Intelligent Cloud employs AI technologies to offer capabilities such as predictive analysis, product recommendation and process automation via a conversational interface, Max. This is an innovative feature among B2B commerce platforms.
- **All-in-one platform:** Apttus offers a number of modules to meet complex B2B needs, such as CPQ, CLM, OMS, billing and incentive management, on the same platform. This can shorten the time to market and save implementation costs.

Cautions

- **Partner ecosystem:** Apttus has very few technology partners for applications and service providers for implementations. Reference customers indicated difficulty in finding a satisfactory service provider.
- **North America focus:** Apttus is heavily focused on North America and especially the U.S. market, where it generates the majority of its revenue. Customers in other regions may receive less support comparatively.
- **Multiple admin UIs:** There are multiple UIs for Force.com and Azure deployments, with different levels of sophistication. This can be confusing for new Apttus customers and is a recognized issue by Apttus, which claims that improvements are on its product roadmap.

BigCommerce

BigCommerce is a Niche Player with a multitenant SaaS platform for merchants, most of which have digital commerce GMV of less than $20 million. BigCommerce primarily serves the B2C space, although started adding more functionality in 2017 to serve the B2B market. Its portfolio serves both small businesses and enterprises for B2B and B2C.

The company is privately held. According to its website, the company has raised $140 million in funding to date. Its main investors include General Catalyst, Revolution, SoftBank and GGV Capital. Less-substantial investors include American Express, Telstra Ventures, Millennium, Split Rock Partners, Tenaya Capital and Floodgate. BigCommerce is headquartered in Austin, Texas, U.S., with several offices in the U.S. and one in Australia.

Note: After we started this Magic Quadrant research, BigCommerce announced a Series F round of $64 million with lead investor Goldman Sachs, which we did not take into consideration in this analysis.

Strengths

- **Ease of deployment and use:** BigCommerce offers easy-to-use, out-of-the-box functionality with advanced discount/promotional functionality. Its Stencil digital store creation product helps merchants acquire, apply and customize over 100 storefront themes, and includes responsive design for mobile and built-in SEO with preview capabilities. It offers a free trial that, coupled with its in-house catalog transfer services, permits some clients to go live within weeks after contract signing. A sample of all enterprise clients that went live in 2Q17 found that over 90% were transactional at the end of month three.
- **TCO:** BigCommerce is competitive with a low entry price for the standard solution, and with all tiers including 24/7 live support. It also has no transaction fees. The transparent pricing combined with its breadth of native capabilities makes BigCommerce very competitive on TCO.
- **Flexible, modular platform:** BigCommerce offers a full "suite" of digital commerce platform functionality that until recently attracted only smaller businesses. Its open platform offers digital storefront and services for check-out processing and order brokering, interacting with the legacy systems of larger enterprise customers. Reference customers rated it as excellent for flexibility and modularity, and excellent to outstanding for integration to complex environments.

Cautions

- **Support for complex business models:** BigCommerce lacks native functionality for companies with complex digital requirements, such as multistore support for centralized product catalog management and merchandising scheduling. Similarly, B2B functionality such as support for cost center hierarchy, workflow and approval capabilities is not available.
- **Competitive viability:** As BigCommerce attempts to serve larger clients, it is likely to face stronger competition from enterprise vendors that may have more-robust product offerings. Such vendors will attempt to expand their client bases with cloud solutions for smaller businesses.
- **Global selling:** Because over 75% of Big Commerce's revenue is generated in North America, clients may find its globalization capabilities for local languages currencies and payments

functionality weak compared to vendors with a greater geographic breadth of customers and revenue sources.

commercetools

Commercetools is a Visionary with an API-based or "headless" microservice-based platform, also called commercetools, available solely as multitenant SaaS. The platform is available in B2C and B2B variants, and it offers an additional open-source marketplace framework. The platform requires integration with native device apps, front-end web applications or DXPs to provide customer experiences. The vendor supports customers with GMV from $10 million to $1 billion. Commercetools is used in a wide range of industries, including grocery, gaming, automotive, travel and manufacturing, as part of wider digital business platforms. It describes itself as "the commerce platform for the post-web era."

Commercetools is wholly owned by REWE Group. Its headquarters are in Munich, Germany, and it has international offices in the U.S. and Amsterdam, Netherlands.

Strengths

- **DXP integration:** Commercetools takes a proactive stance to the commerce ecosystem by providing integration connectors to leading DXPs, including Adobe Experience Cloud, Bloomreach and the open-source Magnolia WCM.
- **Component architecture and cloud-native platform:** Commercetools is purely a SaaS solution, deployed containerized on Google Cloud Platform and Microsoft Azure. It includes a catalog of prebuilt APIs that can be subscribed to individually, rather than purchasing the entire platform. Full autoscaling provides very high availability and removes the need for capacity management or disaster recovery.
- **Cost model:** Commercetools has a simple cost model based on a monthly subscription fee, and is fast to deploy for new customers. Continuous delivery of improvements and fixes — daily and sometimes hourly — also helps with flexibility and speed to market for innovations.

Cautions

- **Global reach:** Commercetools has offices in EMEA and North America, and about 10% of its clients are outside these regions. Prospects looking to deploy globally or with regional differentiation should check for support in other regions.
- **B2B capabilities:** While commercetools supports many B2B clients, its capabilities are limited when compared to those of other vendors. For example, it has no role-based access, management of account-specific price lists or cost centers, approval workflows, punch-out, or invoice management. B2B prospects should carefully match their requirements to commercetools' B2B functionality to ensure fit.

- **Commerce search:** Commercetools' search capability is basic, with no autocomplete, search management UI, built-in analytics or boost/bury functions. Prospects should consider WCM, DXP or third-party search to power commerce catalog search.

Digital River

Digital River is a Leader based on analysis of its multitenant SaaS commerce platform, Global Commerce. The vendor's installed base comprises B2C and B2B customers, primarily in business or consumer services, high-tech and IT, or manufacturing. Its customers range from smaller sellers with GMV of less than $10 million to larger customers with GMV of more than $100 million.

Digital River is privately owned by a private equity firm, Siris Capital. The vendor's headquarters are in Minnetonka, Minnesota, U.S.

Strengths

- **End-to-end commerce solution:** Digital River provides complete functionality for every aspect of digital commerce, including integrated solutions for payments, warehousing and logistics, OM, CPQ, and customer service. Marketing solutions from its in-house agency, MarketForce, are available. Companies with limited resources that want to completely outsource commerce operations will find value in Digital River's breadth of services.
- **Global reach:** Digital River offers payment and logistics services for selling in more than 200 countries, making it an attractive platform for companies that want to expand internationally.
- **Merchant-of-record risk mitigation:** Because Digital River offers merchant-of-record services (i.e., manages payments, tax collection, regulatory compliance and chargebacks), its platform customers utilizing the service are less exposed to fraud and chargeback costs.

Cautions

- **Market presence:** With approximately 80% of customers generating less than $10 million in GMV, Digital River lacks significant presence among enterprise clients reporting GMV of over $250 million, especially outside the high-tech and software space. Larger companies may have difficulty finding similar reference clients.
- **Service provider ecosystem:** Digital River performs its own installations and customizations. It has fewer than 10 solution integration partners worldwide — a smaller network than most other vendors in this Magic Quadrant have. Companies seeking the flexibility to switch service providers or that prefer to leverage relationships with existing service providers should evaluate their familiarity with Digital River.
- **Vertical focus:** Despite a capable platform for selling physical goods and B2B functionality, Digital River's client base focuses on high-tech and software companies selling digital products and, unlike most competitors, ignores the retail vertical. Prospects outside these industries should evaluate Digital River's future roadmap for functionality specific to their industry.

Elastic Path

Elastic Path is a Visionary due to its API-oriented architecture. In addition to its Elastic Path Commerce solution, it has Elastic Path Commerce Cloud for AWS and Elastic Path Commerce for Adobe (v.7 of each being released in 2017). The vendor supports an array of business models across B2C and simpler B2B use cases. It sells to companies with a wide range of GMV, from $10 million to over $1 billion. It can be deployed via traditional hosting, single-tenant private cloud or containerized, autoscaling public cloud deployment in AWS. Elastic Path does not provide a managed service or SaaS model, but provides Elastic Path CloudOps for AWS tooling to aid continuous delivery. Managed services can be provided by partners such as Rackspace and TriNimbus. Elastic Path has customers in a number of verticals, including high-tech, retail, manufacturing, travel, legal, education, and media and publishing. It has an increasing presence in telecommunications.

Elastic Path is a private venture-funded company and is headquartered in Vancouver, B.C., Canada, with offices in the U.S. and U.K.

Note: After we started this Magic Quadrant research, an additional Series B round of funding from a Bay Area private equity firm was announced, which we did not take into consideration in this analysis.

Strengths

- **API orientation:** Elastic Path's API-based headless platform is appropriate for companies that wish to extend an existing nontransactional channel. It is also suited to using a DXP to manage the user experience, custom-build and manage customers' own front-end applications, or integrate to multiple channels serviced from the same application.
- **Hypermedia API and mediation:** The Elastic Path Cortex API is based on hypermedia and contains features of API orchestration, choreography, mediation and gateway products. These products can be used by customers to integrate with a wide array of external capabilities, forming the basis of an API-oriented architecture. Business logic can also be embedded in this layer, decoupled from the core engine but available to all channels and touchpoints.
- **Multiple deployment options:** Elastic Path is a mature product and its solution can be on-premises, hosted traditionally or containerized in AWS.

Cautions

- **Business UIs:** Elastic Path offers a fully decoupled headless solution that is agnostic as to the presentation layer, meaning it has differentiating advantages. For example, with Commerce for Adobe, commerce functionality is expressed within the Adobe Experience Manager business UI, which can be done for other WCM applications as well. However, the decoupled nature of the product means that business UIs are not seamlessly integrated with the end-user experience — there are no approval workflows out of the box, and publishing steps can be complex. The business user admin UIs lack the usability of those of some competitors.

- **Technical focus:** The focus on the Cortex API suits more tech-oriented customers. Commonly, Elastic Path is introduced by service providers supporting digital commerce in heterogeneous environments, such as those including IoT or embedded commerce. It may be less attractive for simpler use cases where a packaged, full-stack single-vendor or SaaS platform may suffice.
- **Global reach:** Elastic Path has offices and development teams only in North America and the U.K. Implementation is 100% by partners. While technical support is handled from distributed locations worldwide, clients and prospects may find limitations on other types of support (sales, implementation, etc.) if they are located outside of North America and the U.K.

Episerver

Episerver is a Challenger based on analysis of the Episerver Commerce module, which is part of and tightly integrated to its DXP, Episerver Digital Experience Cloud. Commerce functionality is available as a hybrid SaaS deployment via the Microsoft Azure PaaS — the core digital commerce application is single-tenant PaaS but all ancillary modules are multitenant SaaS. Episerver's installed base consists of B2C and B2B customers, primarily in the manufacturing, retail and wholesale verticals. Episerver targets customers with GMV of less than $500 million.

Episerver is owned by the private equity firm Accel-KKR and has North American headquarters in Nashua, New Hampshire, U.S., European headquarters in Stockholm, Sweden, and Asia/Pacific headquarters in Sydney, Australia.

Strengths

- **Full-featured platform:** Episerver offers a complete suite including several products that complement both commerce and the DXP. These include modules for personalization, a DMP, A/B testing and catalog management. The platform has a unified data model for all modules.
- **Ease of use:** Episerver provided a demo that showcased the platform as easy to use and friendly to business users. It has simple yet robust functionality for editing commerce sites, changing page layouts, publishing changes, creating storefronts and collaborating with other business users.
- **Integrated personalization:** Episerver has invested heavily in AI personalization capabilities, which it has embedded across several product areas.

Cautions

- **Enterprise customer experience:** Approximately 75% of Episerver's client base report GMV of less than $100 million. Depending on size, global reach and complexity, enterprise-size prospects may find Episerver lacking the experience, partners and functionality to serve them.
- **Service provider ecosystem:** Although Episerver has a network of service providers equal to its competitors for its DXP, far fewer resources are certified on its Commerce module. Prospects should evaluate service provider options in their region in conjunction with platform evaluation.

- **Microsoft centricity:** Episerver has strong connections to the Microsoft ecosystem, including leveraging a .NET architecture, running on Azure and using AI services from Microsoft. Companies invested in services from other megavendors may wish to evaluate competing options.

IBM

IBM is a Leader based on its breadth of product functionality, ability to support B2C and B2B business models, global presence, and broad ecosystem of applications that interconnect to its commerce platform. The IBM Watson Commerce portfolio of products includes IBM WebSphere Commerce (on-premises or a hosted managed service); Order Management; Watson Commerce Insights; Dynamic Pricing; Watson Content Hub; Store Engagement; and Configure, Price, Quote. In June 2017, IBM launched the SaaS commerce platform IBM Digital Commerce. It has some functional limitations compared to IBM WebSphere Commerce, but is also within the integrated suite of commerce options. IBM has customers with varying degrees of presence in all verticals except tourism, and is particularly prevalent in larger, more-complex businesses with GMV over $100 million. IBM's Digital Commerce SaaS offering is targeted at organizations with GMV as low as $10 million annually.

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

Strengths

- **Scope of product functionality:** IBM WebSphere Commerce has a comprehensive breadth of functionality that supports the largest, most complex implementations in both the B2B and B2C spaces. Gartner clients and IBM reference customers report satisfaction with IBM's product scope.
- **Ecosystem depth and breadth:** IBM offers an extensive product suite that can integrate with and enhance both B2B and B2C commerce business models. IBM has over 300 certified partners experienced in implementing and maintaining its digital commerce solution, as well as over 100 ecosystem application partners.
- **Global installed base:** IBM WebSphere Commerce supports complex, global and high-volume commerce sites. It has a proven history of powering enterprise-scale commerce systems across the globe. All its reference customers are from organizations with GMV over $1 billion, and 80% have customers in more than one country.

Cautions

- **Product messaging:** IBM Watson Commerce is a suite of applications with interoperability. IBM approaches the sales process with broad, solution-oriented and comprehensive messaging, but the breadth of the suite can still make it difficult to understand which IBM products are required to deliver on this vision, and which fully interoperate. However, all the Watson Commerce products are available separately.

- **Agility and complexity:** IBM offers a deep ecosystem but also brings significant complexity to implementations and upgrades. Prospects should not underestimate the time required to integrate products to one another and to existing systems. Project teams are typically large, specialty SI partner knowledge is required, and projects last from four to over 12 months. Of IBM's current on-premises customers, over 85% are running IBM WebSphere Commerce v.7.x, which will not be supported from December 2019. Released December 2017, v.9 brings a much-needed rearchitecting to provide more flexible, agile management, but requires clients to upgrade from v.7.x. IBM provides tools to address some aspects of migration.
- **SaaS offering:** IBM Digital Commerce does not currently have all the B2B features available in IBM WebSphere Commerce exposed for use. IBM has an investment roadmap for improving features and functionality, but customers should carefully analyze its capabilities, scalability and flexibility, including requiring reference calls as part of the decision-making process.

Kibo

Kibo, a Niche Player, provides a multitenant SaaS solution called Kibo eCommerce, which primarily supports B2C retail and brand businesses. Kibo was formed by the acquiring and merging 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 Platform includes eCommerce, Order Management System, Mobile Point of Commerce and Real-Time Individualization. Kibo offers functionality primarily to retail and manufacturing clients in the U.S. with digital commerce GMV up to $250 million.

Kibo's headquarters are in Dallas, Texas, U.S., with offices in the U.S. and the U.K.

Note: The MarketLive product remains a separate product, Kibo Commerce MarketLive, that is not part of the Kibo go-to-market strategy and is therefore excluded from this analysis.

Strengths

- **Integrated solution for retailers:** Kibo eCommerce comes as a preintegrated solution when coupled with its OM system and mobile POS (mPOS) SaaS software. 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.
- **Technology:** Kibo is a scalable platform with a rich API and SDK. Every capability in its programmatic layer is exposed 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.
- **Ease of use:** Kibo's commerce system boasts a slick "what you see is what you get" interface for creating and updating store layout and widgets.

Cautions

- **Product and geographical scope:** Kibo's current market positioning and product direction are focused primarily on B2C retailers and brands in the U.S. Multilingual support requires extra admin, and B2B functionality is limited but remains an investment area for Kibo in 2018. 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:** An estimated 95% of Kibo customers are midmarket organizations generating digital commerce GMV below $50 million. While Kibo has a few larger customers, it might not be suitable for companies that project GMV beyond $250 million.
- **Company growth:** Because the Kibo platform is new and has new integrations to OM, mPOS and personalization, we believe clients are likely to experience a few glitches as both the company and platform usage continue to grow.

Magento

Magento is a Leader based on evaluation of its Magento Commerce platform (formerly known as Magento Enterprise Edition). Magento Commerce goes to market with a single-tenant SaaS, AWS cloud-hosted managed service offering, but can be deployed on-premises or on alternative public or private clouds. Other offerings commonly sold with Magento Commerce, including Magento OM and Magento Business Intelligence (BI), are multitenant SaaS solutions. The vendor also offers a free Commerce version, Magento Open Source (formerly known as Magento Community Edition). Magento supports both B2B and B2C customers in a wide range of industries, with GMV typically below $250 million.

Magento is owned by two global private equity firms: Permira, based in London, and Hillhouse Group, based in Hong Kong. Magento is headquartered in Campbell, California, U.S.

Note: After we started this Magic Quadrant research, Magento signed a definitive agreement to be acquired by Adobe; the deal is expected to close during the third quarter of Adobe's fiscal 2018. Reflection of this acquisition is excluded from this research.

Strengths

- **Growth and service provider network:** Magento has experienced significant growth since becoming an independent company in 2015 (it was formerly owned by eBay), enabling development of a robust service provider network for solution integration and product development.
- **Complete solution:** Magento has several offerings in addition to the base commerce platform, including solutions for OM, data and analytics, social selling, B2B commerce, and CPQ. Its recently released WCM functionality is available today as an extension, to be integrated to the core product in 2018.

- **Marketplace connectivity:** A marketplace module is integrated to Magento Commerce, enabling direct integration to Amazon and with built-in intelligent pricing. The module is available for any Magento customer on request and is scheduled to be generally available in the code base in 2018. Integration to eBay and Walmart/Jet is planned for later in 2018. Prospects that also need a solution for selling in online marketplaces will find the module beneficial.

Cautions

- **Open-source heritage:** Magento has built a strong reputation in the open-source community with its commerce platforms, but is undergoing something of an identity shift, with some newer modules — OM, B2B and BI — not being offered as open source. Prospects drawn to Magento because of its open-source roots should evaluate whether or not they're comfortable with this shift.
- **Personalization:** Magento lacks native personalization functionality that is often present in the platforms of direct competitors. Instead, it relies on partnerships and integrations for most personalization functionality.
- **Product information management:** Magento Commerce lacks robust PIM functionality, relative to other leading commerce platforms. Gartner client inquiries echo this lack of functionality, which requires clients to seek a solution from a third-party partner at an additional cost.

Oracle

Oracle is a Leader due to its diversified offering of both on-premises software and hybrid multitenant SaaS solutions: Oracle Commerce and Commerce Cloud, respectively. Both these products target B2B and B2C, and use common technology. Across its platforms, Oracle serves clients of all sizes and a variety of verticals. Oracle's commerce solutions have varying degrees of native integration to other Oracle products that support digital commerce, such as Oracle Content and Experience Cloud, Integration Cloud Service, Data Cloud, Mobile Cloud Service for Bots and CPQ Cloud. The Oracle Commerce and Commerce Cloud solutions serve clients representing a wide range of GMV, from $10 million to over $1 billion. Most clients are in retail, manufacturing and telecommunications doing under $1 billion in GMV.

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

Note: Oracle has a separate commerce offering for SMBs (NetSuite), which was not evaluated in this analysis.

Strengths

- **Product scope:** Oracle has multiple commerce products and IT delivery methods with broad functionality, to serve a wide range of B2B and B2C customers.
- **Product scalability:** Whereas historically, the Oracle Commerce product has supported complex environments, the Commerce Cloud solution continues to expand its scope, its

number of more-complex customers and the number of geographies it serves with a single implementation.

- **Technology utilization:** Not only do Oracle Commerce and Commerce Cloud share a common code base for core services (e.g., the core commerce and merchandising engines), they also utilize REST APIs as the basis of all Oracle Commerce UIs and applications for greater utility.

Cautions

- **Integration partner availability:** Prospects should be prepared for a potential shortage of implementation partners, as Gartner clients and reference customers report challenges in finding suitable partners.
- **Navigating Oracle product integrations:** Oracle has a large suite of ecosystem solutions, only some of which are natively integrated to Oracle Commerce and/or Commerce Cloud. It is not always clear what products are natively integrated and to what degree, which can result in unplanned implementation costs and/or an unexpectedly delayed time to market.
- **Mixed marketing messages:** Oracle's continued marketing of Oracle Commerce Cloud and *lack* of marketing for its on-premises solution have caused confusion in the marketplace. As a result, Gartner clients and Oracle prospects have expressed concerns and mistaken assumptions that Oracle Commerce is being retired.

Salesforce

Salesforce is a Leader with Commerce Cloud, a multitenant SaaS solution for B2C businesses in retail and manufacturing. The vendor continues to invest in and leverage its earlier Demandware acquisition. Commerce Cloud offers functions including digital storefronts, merchandise management, on-site search and personalization, as well as clienteling and OMS via an add-on module. Salesforce typically targets retailers and manufacturers with online GMV over $10 million.

Salesforce is a public company with headquarters in San Francisco, California, U.S. It has offices worldwide.

Note: After we started this Magic Quadrant research, Salesforce closed its deal to acquire CloudCraze, which adds missing B2B functionality to its Commerce Cloud product portfolio. Reflection of this acquisition is excluded from this research as it occurred after the cutoff date for the analysis. CloudCraze is discussed in the Honorable Mentions section.

Strengths

- **Partner network and application ecosystem:** Salesforce has over 100 service partners across the world that support integration and development efforts for commerce projects. It also has a rich application ecosystem with over 250 partner applications, such as WCM, PIM, OMS, marketing, personalization, mobility and analytics. Its technology and service partners can be searched and sorted in its Commerce Cloud Partner Marketplace (previously known as LINK).

- **Embedded AI:** Salesforce's AI platform, Einstein, is embedded in Commerce Cloud to offer intelligent capabilities such as search and product recommendations. The insight that Salesforce generates from the shopping patterns of hundreds of millions of shoppers across the world improves the effectiveness of the technology.
- **Salesforce ecosystem:** As the leading CRM solution provider, Salesforce has a large number of customers, partners and supporting applications on its AppExchange, especially for its top products (Marketing Cloud, Service Cloud and Sales Cloud). Key data and business rules have already been isolated and extracted from these applications to enable quicker integration to Commerce Cloud and maximize overall Salesforce investments.

Cautions

- **Multiple commerce platforms:** With the acquisition of CloudCraze, Salesforce now has two commerce solutions, one for B2B and one for B2C. Each is built on a different platform, and they are not currently integrated. Prospects seeking both a B2B and B2C solution on the same platform should understand what plans exist for integration, if any. Prospects seeking a B2B platform should understand that the solution they will receive will be CloudCraze's, not Salesforce Commerce Cloud.
- **Not integrated with other Salesforce products:** Commerce Cloud comes from the Demandware acquisition, which was not built for Force.com so has not yet been fully integrated with other Salesforce products. Custom development may be needed to leverage the data and rules that exist on the Salesforce platform.
- **Headless commerce:** Salesforce Commerce Cloud exposes commerce-related APIs through a REST API (OCAPI). However, fewer customers run the platform in a headless or modular mode when compared to customers using competitor platforms. Prospects wanting to integrate Salesforce with other front-end systems or use individual commerce components should ensure that the APIs exposed by Salesforce meet their needs.

SAP

SAP is a Leader with its SAP Hybris Commerce product, which can be hosted on-premises and via private or public cloud infrastructures, and SAP Commerce Cloud, a single-tenant, private-cloud-managed hosting environment. Core functionality is consistent across the two products. Both offerings support B2C, B2B and B2B2C as well as subscription- and service-based offerings. SAP commonly sells to enterprise clients generating digital commerce GMV between $50 million to over $1 billion, though it also sells SAP Hybris Commerce, Edge edition — a simplified variant for SMBs. The SAP Customer Experience suite, branded SAP C/4HANA, also includes Marketing Cloud, Sales Cloud, Service Cloud and Customer Data Cloud. In addition, the vendor also provides a microservices agility layer offering for extending the portfolio. SAP has commerce customers in over 20 verticals, including manufacturing, retail, high-tech, telecommunications, and health and life sciences.

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

Strengths

- **Global reach:** SAP Hybris Commerce and SAP Commerce Cloud have a significant global installed base and target the wider SAP client base as a primary basis for expansion. This is fueled by the integration of both these products with SAP S/4HANA and SAP ERP.
- **Product functionality:** SAP Hybris Commerce and SAP Commerce Cloud have extensive and sophisticated capabilities for B2C, B2B and B2B2C business models. They provide a number of vertical-specific "accelerators," comprising layouts, customer journey templates and data models.
- **Roadmap clarity:** SAP now has a clearly articulated roadmap showing how the commerce product will evolve in the next two years toward being a cloud-friendly, single-tenant SaaS application that will include microservices.

Cautions

- **Cloud deployment:** SAP Commerce Cloud is a single-tenant, private-cloud-managed service offering of SAP Hybris Commerce — not a multitenant SaaS product. However, SAP has shared plans for its evolution into a SaaS offering. The customer remains responsible for development, implementing upgrades, customization and deployment to the cloud environment. Gartner clients and reference customers have reported confusion with the cloud pricing model.
- **WCM/DXP capability:** While SAP has continued investing and progressing on this front, the WCM and digital experience capabilities of SAP Commerce Cloud remain behind those of leading WCM systems and DXPs. Prospects wanting sophisticated and granular control of the presentation layer, extensive marketing content management and unified experience management may want to consider integration to leaders in those areas.
- **SAP Hybris as a Service (YaaS):** Customers currently using YaaS or looking for a cloud-native commerce service offering from SAP should be aware that YaaS has not had significant uptake by clients and is effectively being retired in its current form. It is pivoting from being a set of commerce services and an app marketplace to becoming an application development and extension agility layer that can be used to host, publish and consume microservices.

Shopify

Shopify is a Niche Player, providing a multitenant SaaS platform to SMBs primarily in the B2C space. Its portfolio includes Shopify, Shopify Plus, Shopify POS, Shopify Payments, Shopify Shipping and Shopify Capital. It typically sells to retail clients with digital commerce GMV of less than $50 million. In 2017 though, its customer base processed total digital commerce GMV of $26.3 billion, an increase of 71% compared to the prior year.

Shopify is publicly traded and headquartered in Ottawa, Canada, with 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

- **Growing and optimized one-stop shop:** Shopify consistently enhances its offerings to help clients grow and solve their issues. It offers Shopify Plus for clients with higher GMV and Shopify Lite for those not needing a storefront (e.g., POS. Facebook, Messenger). It has added channels such as Lyst, BuzzFeed, eBay and Instagram (to complement Facebook, Pinterest and Amazon), as well as a virtual assistant called Kit to help automate online marketing. Shopify Capital offers merchant cash advances (limited release in the U.S.).
- **Ecosystem approach:** Shopify has a large, vibrant partner community that includes app developers, theme designers and others, who have enriched the platform with around 2,400 apps on the internal app store to date. Many partners act as distributors by referring customers to Shopify, contributing to its double-digit annual revenue growth. Revenue earned by partners through themes, apps and other services was estimated at $430 million for 2016 (versus Shopify revenue at $389 million).
- **TCO:** Shopify is competitive with a free trial and low-entry subscription that comes in many variations of functionality. Payment and retail add-ons are charged for separately, and all pricing options include 24/7 live agent support. Based on Shopify's financial results for 2017, most monthly subscription fees per merchant were below $50.

Cautions

- **Advanced features and B2B:** Shopify's platform lacks the sophisticated features required by many large businesses. Features such as DOM, support for complex and digital products, multibrands and multisites, and predictive and advanced analytics are weak or nonexistent. Integration APIs to back-office applications (e.g., DOM, CRM, ERP) are also missing. Its Wholesale channel for Shopify Plus includes basic functionality and may not be the optimal choice for customers looking for traditional, complex B2B functionality. As Shopify doesn't share its roadmap with customers or Gartner, large business prospects should request one to ensure that it can meet their future business requirements.
- **Global selling:** Although Shopify has customers in over 175 countries, 79% of its customers are in the U.S., the U.K., Canada or Australia. Support for local languages, currencies, search engines, social media, payments and shipping options is weak or nonexistent.
- **Profitability:** Shopify is exhibiting strong revenue growth but is not yet profitable. For 2017, it had a net loss of $40 million (5.9% of its total revenue).

Sitecore

Sitecore is a Niche Player based on analysis of Sitecore Commerce v.8.2.1 and Sitecore Experience Commerce 9, which was released in January 2018. The latest releases of these two solutions can be deployed on-premises or on Microsoft Azure IaaS or Azure PaaS, with a managed cloud service to be released in 2018. Sitecore's installed base consists primarily of customers in the manufacturing or retail verticals. The majority of manufacturing customers are B2B whereas most retail customers are B2C. The vendor's commerce solutions are tightly coupled with its DXP, Sitecore Experience Platform. It supports customers with wide ranges of GMV, from $10 million to $1 billion.

Sitecore is privately held with a majority equity stake from EQT, a global private equity group. Sitecore is headquartered in Copenhagen, Denmark.

Note: As of 31 January 2018, Sitecore Commerce v.8.2.1 is no longer sold.

Strengths

- **DXP heritage:** Sitecore Experience Platform is a Leader in the Magic Quadrant for Digital Experience Platforms, and Sitecore Experience Commerce is natively integrated to that platform. This strong connection offers a good solution for organizations investing heavily in optimizing the digital customer experience.
- **Diverse global presence:** Sitecore has a strong global presence with a mix of customers across North America, EMEA and Asia/Pacific. It supports commerce customers across different market sizes, with a relatively even mix of customers with GMV from $50 million to $1 billion.
- **Ability to extend and customize:** Sitecore's single source of customer data across its commerce products and Sitecore Experience Platform is an advantage. The platform has an ASP.NET core-based microservices framework and REST-based APIs for extending and customizing.

Cautions

- **Missing B2B functionality:** Despite Sitecore marketing its commerce solutions as capable of powering both B2C and B2B, both Commerce v.8.2.1 and Experience Commerce 9 lack sufficient B2B functionality. Although additional functionality is on the product roadmap, basic B2B functionality currently missing includes reordering from order history or previously placed orders, and account- or contract-specific pricing.
- **Business user capabilities:** Sitecore's admin UIs for content and commerce components are not fully integrated, making some tasks more cumbersome than they would be with a single, integrated view. Additionally, while global cache clearing is available to business users, cache clearing for individual components (e.g., page or product content) requires the use of a separate tool outside the business user admin UI, and may require IT assistance.
- **Service provider ecosystem:** Despite having many global service providers and individuals for its DXP, Sitecore has fewer than 400 individuals trained on its commerce platform. To rectify this, it introduced a certification program in 2017, and e-learning modules are on the roadmap for 2018.

Skava

Skava is a Niche Player, with a Skava Commerce offering that can be deployed as single-tenant, multitenant or hybrid SaaS, or licensed on-premises. Skava Commerce is a set of microservices-based APIs that can be consumed independently, plus SkavaSTUDIO, an optional experience manager. The Commerce platform includes extensive B2C and some B2B capability. Skava's clients tend to be large enterprises, with over 90% having GMV over $100 million and nearly 50% over $1 billion. Skava Commerce can be used as a complete platform as it includes a loyalty engine as well as PIM, WCM, OMS, personalization and marketing tools. Alternatively, services can be deployed independently to enhance or incrementally replace existing systems, or to build a new platform — Skava calls this Build Your Own Platform (BYOP). The vendor has a wide range of customers in the high-tech, automotive, financial, retail, CPG, telecommunications and healthcare verticals.

Skava is a wholly owned subsidiary of Infosys. It is headquartered in San Francisco, California, U.S., with international offices in London, U.K., and Coimbatore, India. It leverages global Infosys offices and resources to gain and support customers in other territories.

Note: After we started this Magic Quadrant research, Infosys announced its intention to sell Skava on 14 April 2018, which we did not take into consideration in this analysis.

Strengths

- **API-oriented architecture:** Microservices expose APIs and communicate with each other, managed by the Skava API management tool. However, unlike other API-oriented vendors, Skava includes an experience management tool, SkavaSTUDIO, for optional full stack use. It can also expose experience management services via API, potentially reducing load and complexity on custom front-end environments. This approach is supported by providing SDKs for React and Node.js, supporting single-page applications (SPAs), Progressive Web Apps (PWAs) and Google's Accelerated Mobile Pages (AMP) technology.
- **Mobile-first heritage:** Although new to the digital commerce vendor landscape, Skava has a lengthy background in mobile app development and support. This is evidenced by products including mobile POS, in-store apps and smart signage, making it a relevant platform for "clicks and mortar."
- **Enterprise-class but agile:** Skava is built for the complex requirements of large enterprises. It has a wide range of deployment models and a modular architectural approach suitable for incremental delivery and platform migration. For operational processes, multiple environments, approvals and staging/production workflows are well thought out, resulting in shorter implementation time periods that often range from three to six months.

Cautions

- **Market presence:** Skava has grown steadily by focusing on larger clients, but remains relatively unknown in the digital commerce vendor landscape. It has fewer clients than other vendors servicing the same client size base have.

- **Global presence:** Skava is primarily focused on the U.S. market, though has an important Asia/Pacific focus and is growing in other regions. Because support is dependent on Infosys, prospects deploying outside core regions where Infosys operates may need to be prepared for potential implementation resource issues.
- **Retail focus:** While Skava has customers in other industries, over 80% of its full platform customers are using it for retail selling. Skava's focus on B2C retail, store integration and store-specific mobile technology may not be appropriate for those in highly specialized industries with unique requirements that extend beyond traditional retail.

Unilog

Unilog is a Niche Player, offering its CIMM2 digital commerce solution as multitenant SaaS on Google Cloud. CIMM2 includes WCM, PIM, DAM and POS capabilities, and mostly targets B2B businesses in the manufacturing, distribution and wholesale sectors typically with GMV of $250 million and above.

The company is private with 18% held by Kalaari Capital. It is headquartered in Bangalore, India, with offices in the U.S., Canada, the U.K. and Australia.

Strengths

- **API-oriented and microservices architecture:** Unilog CIMM2 can expose most functions, such as search, WCM, PIM and admin, via REST APIs. All API documentation can be accessed from the same UI. This gives customers great flexibility in integrating with any front end or channel of their choice, as well as with third-party applications.
- **Functions for B2B and complex products:** Unilog offers strong B2B functions, such as organizational hierarchy, user roles, access management and connection to e-procurement systems. It can manage complex products — physical, digital and service — as well as subscriptions and warranties (although subscriptions require a digital goods add-on module).
- **TCO and time to market:** Unilog offers competitive pricing for SaaS subscriptions and implementation services, lowering the TCO for customers. It also offers a fast time to market, with 60% of reference customers having deployed the platform in between three and nine months.

Cautions

- **Partner network and application ecosystem:** Unilog has fewer than 10 global implementation partners and under 20 ecosystem application partners. This supporting network is very small compared to other vendors that have hundreds of partners.
- **Geographic presence:** Unilog has a strong focus on the U.S. market despite its India-based headquarters. Customers in other regions should be aware of the lack of local support in services and implementation processes.

- **Customer-facing innovation:** Compared to leading competing platforms, Unilog has not invested as much in cutting-edge technologies related to customer experience, such as IoT, AI/ML or conversational interfaces. These are on Unilog's product roadmap, but currently it relies on partners to deliver them and requires customers to integrate point solutions. Customers seeking this type of functionality should confirm its placement and timing on the roadmap.

VTEX

VTEX is a Niche Player serving clients primarily in Latin America with its VTEX Cloud Commerce Platform. The offering is multitenant SaaS combining native functionality for digital subscription management and services, WCM, DAM, MDM for products and customers, a payment gateway, mobile responsive design, CPQ, commerce search, and product comparison. It primarily serves retail and manufacturing clients but is gaining traction in financial services. While VTEX serves clients with GMV up to $1 billion, most clients have GMV under $10 million.

VTEX is privately funded, with 71% coming from its co-founders and key executives, 25% from Riverwood Capital, and 4% from key employees. VTEX is headquartered in St Albans, U.K., with other offices in Europe and a large presence in Latin America. It also has sales and operations offices in the U.S.

Strengths

- **Product agility and velocity:** The VTEX multitenant SaaS platform enables quick time to market (often less than six months) coupled with continuous upgrades and product releases for the platform.
- **Product functionality:** All reference customers cited satisfaction with the overall product capabilities of the platform. All reported being satisfied with VTEX's thought leadership for its product.
- **Latin America stronghold:** VTEX started in Latin America, where it maintains a large physical presence with sales, operations and a second headquarters. Clients needing to do business in Latin America are likely to find both the product and services to be a good fit.

Cautions

- **Industry limitations:** VTEX Cloud Commerce Platform is primarily a B2C platform mainly serving manufacturing and retail customers. Over 95% of clients report a GMV of under $10 million, which means it may not be appropriate for larger clients in other industries or those needing robust B2B functionality.
- **Channel support:** While VTEX supports marketplace integration and has just launched an in-store check-out solution, it falls short in its full support for the more innovative channels and technologies such as conversational commerce, VPAs and VR/AR.
- **Global presence:** Prospects seeking a global product and global implementation may be challenged by limited support services, as over 50% of VTEX's SI partners are in Latin America.

Likewise, those seeking product globalization and localization product features for implementations in languages beyond English, Spanish and Portuguese should closely match their requirements to VTEX product functionality.

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

- 2Checkout
- commercetools
- Skava

Dropped

- Aptos
- CloudCraze
- Insite Software
- Intershop
- Kooomo
- NetSuite

Inclusion and Exclusion Criteria

This Magic Quadrant evaluates vendors of digital commerce platforms that support B2C, B2B, B2B2C or combination business models. The IT delivery model can be SaaS, hosted, on-premises or hybrid SaaS. The commerce platform can be used across multiple industries, such as retail, branded manufacturing, distribution and wholesaling, industrial manufacturing, high-tech, telecommunications, publishing and media, and travel and hospitality. Likewise, vendors must be able to reference production sites in at least two different industries or for both B2B and B2C client sites. Vendors must generate a minimum of revenue (see the Company Viability section), with over 60% of revenue coming from product sales (versus services), because this Magic Quadrant focuses on commerce platforms versus commerce services.

The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research. 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 included in this Magic Quadrant, technology vendors and their products or services had to meet *all* inclusion criteria described below in the areas of product offering, financial viability and market presence.

The cutoff date for considering and including product enhancements, mergers and acquisitions, or other potentially noteworthy company activities is 31 January 2018. This means that, for example, any product functionality released after 31 January 2018 will not be included in the Magic Quadrant rankings or vendor profile.

Product Offering

Vendors must offer a minimum of one digital commerce application or platform that includes the following capabilities:

- *Baseline commerce application or platform with functionality* — for example, a storefront, a product catalog, merchandising, a shopping cart and check-out supporting clients selling multiple types of products (physical, digital, services) for B2C, B2B, B2B2C (e.g., manufacturer to distributor to customer *or* franchise to franchisor to customer) *or* any combination of these sales endeavors. At a minimum, vendors must support the selling of physical goods without bundling the sale of physical goods with digital goods.
- *Internationalization and localization* — that is, the ability to support multiple languages and currencies. This must be present in the customer-facing digital store as well as in employee-facing internal dashboards, documentation and training materials — either natively or by proven integration with an ecosystem partner.
- *Expanded commerce ecosystem support* (as identified in "Leverage the Gartner Digital Commerce Technology Ecosystem to Optimize IT Decisions"). This includes such application functionality as WCM, OM, commerce search, analytics and so on, through either acquired and integrated ecosystem functionality *or* a robust partner network of vendor-certified partners for the greater digital commerce ecosystem applications. In the case of external partners, the vendor must have demonstrated the number of partners, type and level of relationship, as well as the longevity of the relationship.
- *Support for implementation and integration of the digital commerce platform* — through either existing staff and/or or a robust partner network of vendor-certified partners. In the case of external partners, the vendor must have demonstrated the number of partners, type and level of relationship, as well as the longevity of the relationship.

Company Viability

Vendors must demonstrate company financial viability as indicated below:

- Annual software revenue greater than $50 million for its digital commerce platform, excluding professional services revenue (software revenue is a total of license plus maintenance plus SaaS or subscription revenue). Alternatively, a year-over-year growth rate of 10% and $40 million in revenue, *or* a year-over-year growth of 20% or more for its digital commerce platform with a minimum software revenue of at least $30 million.
- Demonstrated ability to support digital commerce gross merchandise value (GMV) of $50 million for a minimum of one client doing at least $50 million on the vendor's platform.

  Note: Digital commerce GMV 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.
- Year-over-year financial improvements in cash flow and revenues for the last three years

Market Presence

Vendors must demonstrate market presence as indicated below:

- Have surpassed beta product conditions with:
  - A minimum of 50 production customers
  - 10 new and nameable customers over the past four quarters (calendar or fiscal, depending on the organization's financial reporting)
- Have a large presence in at least two of the major regional markets: North America, South and Latin America, Asia/Pacific or Europe. Alternatively, have a dominant customer presence in one region (based on the number of reported customers compared against competitors' reported customers).
- Have a sales and service presence in at least two of the major regional markets: North America, South and Latin America, Asia/Pacific, or Europe.
- Have referenceable customers using the digital commerce platform for buying and selling products or services in a minimum of two vertical markets, *or* support for both B2B and B2C solutions.

Honorable Mentions

Gartner currently tracks more than 90 vendors in this space. While this research identifies the top 18 vendors based on our inclusion criteria, an excluded vendor does not mean that the vendor and its products lack viability. There are several noteworthy vendors that did not meet all of our inclusion criteria but that could be appropriate for clients, contingent on requirements. Either these vendors are more narrowly focused (i.e., serving a narrower niche industry/target market), smaller in size (i.e., having fewer customers due to being late to market) or they missed the revenue criteria (i.e., having smaller growth rates or lower recognizable revenue when compared to qualifying vendors).

These vendors were excluded due to not meeting either the specific criterion of product or vertical market support. They receive honorable mention due to their viability and the solid products they offer for their targeted market and customer:

- **cleverbridge:** The cleverbridge e-commerce platform is a multitenant SaaS platform for B2C and B2B. As it supports the selling of digital goods exclusively, it did not meet the minimum requirement of selling physical goods without bundling them with digital goods. Cleverbridge provides four additional products: Commerce Assistant, Business Intelligence & Analytics, Affiliate Center and Partner Portal. Cleverbridge serves customers primarily with GMV of less than $50 million. Its headquarters is located in Cologne, Germany, and it has U.S. presence in Chicago and San Francisco, with additional offices in Tokyo and Taipei.
- **MyWebGrocer:** MyWebGrocer's Digital Experience Platform supports B2C in the grocery industry, therefore did not meet the minimum requirement of supporting two vertical markets. It also offers consulting services and digital marketing services to CPG clients, and provides a contextual advertising network to CPG clients as well. It is the largest vendor serving the grocery industry in the area of digital commerce. While it typically serves customers with GMV below $10 million, some of its customers have GMV over $250 million. MyWebGrocer is headquartered in Vermont, U.S., with offices also in New York, Chicago and Dublin, Ireland.

These vendors were excluded due to not meeting either the revenue or growth criterion. They are included because they have either solid products or an interesting approach to commerce, or both:

- **CloudCraze:** Exhibiting triple-digit growth over the last few years, CloudCraze was acquired by Salesforce earlier this year. Reflection of this acquisition is excluded from this research as it occurred after the cutoff date for this analysis. The acquisition brings CloudCraze Commerce for B2B to the Salesforce Commerce Cloud product portfolio, filling a gap for Salesforce. The solution is multitenant SaaS and built on the Salesforce Lightning platform (previously known as Force.com), leveraging native integrations to Salesforce Sales Cloud and Service Cloud. While CloudCraze serves customers of all sizes somewhat equally, it has slightly more customers with GMV between $10 million and $500 million. It serves mostly U.S. and European customers and supports many verticals, having a larger presence in distribution, manufacturing and wholesale.
- **eComchain:** While eComchain has been in the implementation business for over 15 years, it more recently launched its own B2C multitenant digital commerce SaaS platform. It offers various versions of this platform distinguished by key integrations: eComchain integrated with payment processors, with shipping, with Oracle EBS and with Avalara. It also offers an AI module for personalization. The vendor typically serves clients with GMV below $10 million. It has disclosed its revenue growth rate but not any financial data. It is headquartered in Frisco, Texas, U.S., with sales and implementation offices in Chile, India and Australia.
- **Kooomo:** While the Kooomo platform has seen triple-digit growth, its total revenue fell slightly short of our new inclusion criterion for revenue. The digital commerce platform supports predominantly B2C but has some exclusively B2B as well as some joint B2B and B2C customers. The solution also includes CRM, CMS, WM, OM and marketplace connections with eBay and Amazon, as well as invoice, VAT and sales tax managers. It has a marketplace with over 200 prebuilt, one-click integrations to ecosystem applications and services, which can expedite integration. It supports multiple languages and currencies. Kooomo typically serves

customers with GMV below $10 million, but has some customers with GMV between $10 million and $50 million. It is headquartered in Dublin, Ireland, and has other European offices as well as offices in the U.S. and Colombia.

- **Insite Software:** InsiteCommerce is a B2B platform for customers in manufacturing and distribution, with some also using it for B2C. It is a hybrid multitenant SaaS solution. Insite supports customers with GMV up to $1 billion, but over half have GMV below $250 million. Insite has disclosed its revenue growth rates but not any financial data. The vendor is headquartered in Minneapolis, Minnesota, U.S.
- **Intershop:** The Intershop Commerce Suite is an omnichannel platform that supports B2B, B2C, and other complex operations (e.g., B2B2B, B2B2C) with different sites, shops, business models, partners and brands. It enables more-complex management of suborganizations, business units, brands, customer segments, partners and so on. The suite includes a customer experience and personalization engine, marketing and campaign tools, advanced self-service and account management for customers, A/B testing, and commerce search capabilities, as well as omnichannel OMS. While it supports customers of all sizes and with GMV up to $12 billion, most clients have GMV between $10 million and $250 million. The vendor is headquartered in Jena, Germany, with offices in North America, Asia and Europe.
- **Pepperi:** The Pepperi B2B e-commerce platform is an omnichannel B2B sales solution for consumer goods brands and wholesalers. The platform provides solutions for all aspects of digital B2B e-commerce, including web and mobile storefronts, catalog order taking, retail execution, and route accounting. Its roots are in mobile sales enablement, which it expanded a few years ago to include digital commerce. It was one of the early pioneers in recognizing the redundancy among sales enablement applications, self-help and digital commerce for B2B. While Pepperi supports customers of all sizes and with GMV up to $1 billion, most clients have GMV below $50 million. It is headquartered in Raanana, Israel, with sales offices in the U.S. and Australia.
- **WebLinc:** Workarea (formerly known as WebLinc Commerce Platform) is used almost exclusively by B2C retailers. In addition to common e-commerce functionality, the platform includes CM, unified search, an analytics and insights engine, PIM, OM, and customer service. It is based on full API architecture delivered on a modern technology stack. In 2016, WebLinc acquired Orderbot, a commerce operations management platform with OM, inventory management, product management, warehouse management and customer account management. Orderbot is sold separately but comes preintegrated for Workarea customers at an additional cost. Workarea supports customers with GMV up to $100 million. The vendor has disclosed its revenue growth rate but not any financial data. It is headquartered in Philadelphia, Pennsylvania, U.S., with a satellite sales office in Argentina.

Evaluation Criteria

Ability to Execute

Enterprises evaluating digital commerce applications have wide-ranging requirements depending on their industry, type of products sold, business and revenue model, sales strategy, geographic focus and the type of customer experience they wish to deliver. In fact, customer experience has never been as important as it is today. Therefore, breadth of product and service functionality, overall viability, market responsiveness/record and customer experience are all highly weighted criteria.

These criteria weightings also remain unchanged from the previously published Magic Quadrant.

Table 1. Ability to Execute Evaluation Criteria

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

Source: Gartner (June 2018)

Completeness of Vision

In this fast-paced digital world, change comes quickly. This makes it paramount for vendors to understand not only the emerging market, but their clients' specific needs when it comes to offering strategy and business models. Likewise, innovation is imperative. Innovative vendors that demonstrate an understanding of the market in their offering (product) strategies and emerging business models exhibit Completeness of Vision. As a result, market understanding, offering (product) strategy, business model and innovation are all highly weighted criteria.

These criteria weightings also remain unchanged from the previously published Magic Quadrant.

Table 2. Completeness of Vision Evaluation Criteria

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

Source: Gartner (June 2018)

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, 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 and the robustness of their digital commerce platforms, most of which enable large volumes of buying transactions and significant levels of digital commerce GMV. 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. They stress 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 digital commerce platform revenue to reach CAGR of 15.5% through 2022. The Gartner digital commerce team has seen continued growth in the number of digital commerce platform inquiries.

We recently conducted a Gartner Research Circle survey composed of members whose organizations use digital commerce platforms (see the Evidence section for details). Organizations in manufacturing and natural resources represented the highest number of participants (26%), followed by retail, services, banking, insurance and government, which collectively represented 43%. The survey revealed the following take-aways:

- Of participating members, an average of one-quarter of total revenue comes through digital commerce channels.

  Note: Most participants work in organizations that sell to both B2B and B2C audiences.

- Improving customer satisfaction, innovation/transformation of the business, and reducing costs via automation of sales processes and customer self-service buying were cited as key reasons for embracing digital commerce.
- Delivering the desired customer experience was cited as the most critical challenge for digital commerce. Consistency in serving customers across all sales channels and justifying IT spending based on current ROI were also highlighted as key barriers.
- A majority (63%) considered digital commerce as a critical and natural progression to a digital business strategy.

Acronym Key and Glossary Terms

API	application programming interface
B2B	business-to-business (selling)
B2C	business-to-consumer (selling)
B2B2C	business-to-business-to-consumer
CAGR	compound annual growth rate
CMS	content management system
CPQ	configure, price and quote
CRM	customer relationship management
DAM	digital asset management
DOM	distributed order management
DXP	digital experience platform
ECM	enterprise content management
GMV	gross merchandise value (of products sold on a digital commerce platform)
OM	order management
OMS	order management system
MDM	master data management
PIM	product information management
POS	point of sale
SEO	search engine optimization
SDK	software development kit
SMB	small and midsize business
TCO	total cost of ownership
WCM	web content management

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"How Markets and Vendors Are Evaluated in Gartner Magic Quadrants"

"Forecast: Enterprise Application Software, Worldwide, 2016-2022, 1Q18 Update"

"Leverage the Digital Commerce Technology Ecosystem to Optimize IT Decisions"

"Toolkit: RFP for Digital Commerce Platforms"

"Innovation Insight for API-Based Digital Commerce"

"Digital Commerce Technologies Primer for 2018"

"Predicts 2018: New Channels, AI and IoT Shape Future Digital Commerce Strategies"

"10 Key Attributes for Selecting a Digital Commerce Service Provider"

"Build an Agility-Based Commerce Release Practice to Deliver Business Outcomes"

"The Three Approaches to Digital Commerce Platform Architecture and How to Choose Among Them"

Evidence

Digital Commerce State of the Union Survey

This research was conducted via an online survey from 24 October to 7 November 2017 among Gartner Research Circle Members — a Gartner-managed panel composed of IT or IT-business professionals. In total, 88 members from organizations currently using a digital commerce platform completed the survey. Sixty-five percent of respondents are from organizations selling to both B2B and B2C audiences, 24% focus solely on B2B and 11% focus solely on B2C. Qualified participants included business end users with IT, IT-business or business focus as a primary role. The survey was developed by a team of Gartner analysts and was reviewed, tested and administered by Gartner's Research Data and Analytics team.

Other Sources

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 2018 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 25- to 30-minute online survey.
  - A total of 133 references from 18 vendors completed the survey from 22 January through 9 February 2018.
  - Vendor customer reference data is different from primary research and is not a representative knowledge base of the digital commerce market. The 133 references do not represent customers in the overall digital commerce market; just the select customers the 18 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 December 2017 and January 2018, with updates to product functionality as of 31 January 2018 as well as from similar sources collected in previous years.
- Interactive briefings and demos 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 2017.
- Generally available sources of information.

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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