

## Magic Quadrant for E-Commerce

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**Analyst(s):** Praveen Sengar, Gene Alvarez, Chris Fletcher

### VIEW SUMMARY

This Magic Quadrant illustrates the key technical, organizational and go-to-market challenges that e-commerce practitioners will face in the coming year. Use it as a guide to evaluate vendor solutions, and as a foundation for planning your organization's e-commerce objectives.

### Market Definition/Description

E-commerce technology providers offer e-commerce platforms that enable online sales for business-to-business (B2B) and business-to-consumer (B2C) commerce. An e-commerce platform not only facilitates a transaction over the Web, but also supports the creation and continuing development of an online relationship. Common e-commerce functions — such as the creation and management of Web storefronts, shopping cart management, taxation, personalization, transaction management, settlement and product visualization — enable organizations to build basic B2B or B2C online stores.

The next level of commerce-specific capabilities includes interactive selling, site merchandising management, order management (reordering via previously placed orders, ordering via order templates, management of large order lines, ordering from sales contracts and distributed order management), product management and customer/account management (management and application of unique customer pricing; management of customer hierarchies; and transfer of carts, quotes, contracts and orders to another user of the same account). E-commerce platforms can also include personalization/preference profiling, multichannel selling, site/product search, search engine optimization, customer community management or participation, integration with social media, and mobile stores.

In addition, the e-commerce platform can integrate with other areas of CRM, ERP and supply chain management with functionality that includes campaign management, locator and matching, warranty/returns management, analytics/reporting, distributed order management, configure price and quote, management of certified partners and product entitlement, internationalization and multisite management, partner management, product entitlements, payment services, and integration with other back-office functions (like e-procurement and inventory management) that enable advanced online selling and relationship building.

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### Magic Quadrant

This Magic Quadrant focuses on e-commerce for B2B and B2C across vertical industries such as retail, manufacturing, distribution, telecommunications, publishing/media, banking and financial services, travel and leisure, government, and education. The products should integrate with applications beyond traditional e-commerce channels to meet the emerging customer requirement to transact across channels with a seamless customer experience. This Magic Quadrant evaluates the vendors' Completeness of Vision and Ability to Execute in delivering an integrated digital customer experience. However, this Magic Quadrant is not focused on a fully integrated marketing, sales and service solution. Therefore, all functions related to marketing (such as campaign management and A/B testing) and service (such as knowledge-based self-service and call center capabilities) that are sold as unique offerings are not part of this market or evaluation.

Technology providers offering one or more different deployment options for e-commerce (such as software as a service [SaaS], hosted solutions, outsourcing (with a proprietary offering) and/or traditional licensed software), and meeting the inclusion criteria, are included in this evaluation.

**Figure 1.** Magic Quadrant for E-Commerce



### EVIDENCE

2011 and 2012 Gartner client inquiries.  
2013 Magic Quadrant for E-Commerce Gartner client and vendor reference customer survey. However, the vendor survey and vendor customer reference survey were conducted in July 2012.  
2012 vendor interviews and surveys.  
Research conducted by Gartner's secondary research organizations.  
Public information, such as U.S. Securities and Exchange Commission filings, press releases, vendor websites and e-commerce Internet industry publications, such as Internet Retailer Magazine.

### EVALUATION CRITERIA DEFINITIONS

#### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve 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 (Business Unit, Financial, Strategy, Organization):** 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.

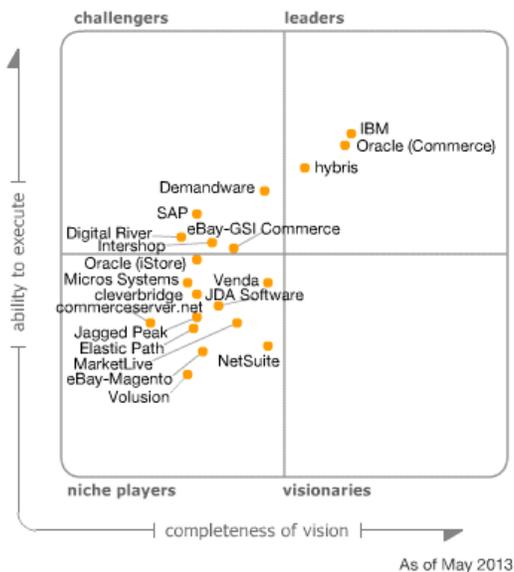
**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness and Track 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



Source: Gartner (May 2013)

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## Vendor Strengths and Cautions

### cleverbridge

Cleverbridge is a Niche Player of e-commerce technology focused on the sale and fulfillment of software, media and digital products. The product is exclusively SaaS-based; the company works on a revenue share model and acts as the merchant of record (MOR) in a large majority of its client relationships. Headquartered in Germany and with offices in Chicago, Tokyo and Shanghai, cleverbridge generated approximately \$30 million in revenue in 2011 and has shown 30% revenue growth (Gartner estimate). It is privately held and profitable.

#### Strengths

Cleverbridge provides e-commerce services appropriate for the sale and fulfillment of software, media and related digital products. Selling as the MOR for a majority of its clients, cleverbridge provides e-commerce, shopping cart, catalog management, subscription management, payment and billing services, and fraud management capabilities.

Cleverbridge supports the digital storage and fulfillment of products (for example, software downloads), and the platform is PCI Data Security Standard (DSS) Level 1-certified. The company also typically bundles implementation services into the service fees, such as development of the storefront and user interface, business workflows, and integration with back-end applications.

Cleverbridge has an established presence and customer base in Europe and North America. It has opened offices in Tokyo and Shanghai, and provides payment and billing services that support 27 payment types and 30 languages and currencies. Hosting services for its product are located in Europe and North America.

#### Cautions

Cleverbridge is focused exclusively on the sale and fulfillment of digital products, such as software and media, and is not an appropriate choice for companies outside these industries. Cleverbridge's mobile e-commerce capability is based primarily on the support of multiple browsers; the company recently released a mobile development kit, but at the time of this research, no reference customers were available.

Cleverbridge's presence in Asia/Pacific is still being developed; companies looking to sell in this region should examine cleverbridge's ability to support transactions and customers within the target market. Customers should get a commitment on service-level agreements (SLAs) in terms of uptime, technical support and response time.

Cleverbridge's revenue model is revenue share, with the company typically taking 8% to 10% of the transaction value when it sells as the MOR. Prospective clients of cleverbridge should project anticipated revenue and costs over at least a three- to five-year time frame, and compare them with licensed or SaaS nonrevenue share alternatives.

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### comcomserver.net

Comcomserver.net (formerly Ascentium) is a Niche Player in this year's Magic Quadrant that provides B2C and B2B e-commerce solutions on-premises, as well as a hosted managed service model. Ascentium took ownership of product development, sales, support and marketing for Microsoft Commerce Server, which it rebranded as Ascentium Commerce Server in July 2012.

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 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.

## Strengths

Commerceserver.net's Commerce Server is positioned as an e-commerce offering available for Microsoft's installed base and customers that embrace the .NET environment.

Commerce Server has been used in diverse vertical industries through large partner ecosystems developing industry-specific solutions.

Commerce Server supports B2B and B2C requirements, with approximately 70% of business coming from B2C.

Commerce Server has integration with other Microsoft products like SharePoint, Visual Studio, Bing and Silverlight, which can be leveraged to offer e-commerce solutions.

## Cautions

Commerceserver.net faces challenges in developing the product and managing the large partner ecosystem, thereby raising concerns about the viability of the product.

Commerceserver.net is behind the market leader in terms of built-in capabilities by at least a year and a half, and has yet to develop capabilities such as interactive site presentation and rich user experience, order management, and social and multichannel selling.

Commerceserver.net has streamlined the pricing by moving to a subscription model based on per-operating-system instances; however, some customers with ongoing Software Assurance contracts with Microsoft found their investments increasing. Commerceserver.net offers a migration plan and free first-year subscriptions to Microsoft Commerce Server customers with active Software Assurance.

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## Demandware

Demandware is a Challenger in this year's Magic Quadrant, providing a SaaS e-commerce platform to retailers, branded manufacturers and distributors in North America and Europe. It went public in 2012, and posted \$56 million in revenue for calendar year 2011.

## Strengths

Demandware experienced strong growth in 2011 and 2012, securing 32 additional live clients in 2011, expanding its European and Asia/Pacific presence, and building out its product functionality with new capabilities.

Demandware offers an e-commerce solution with all major components, including merchandising, order management, product information management, content management, multisite and microsite capabilities, administrative interface, analytics and reporting, mobile site framework and social commerce capabilities, along with Link Technology Partners offerings. Demandware launched the order management enhancements early in 2012.

Demandware supports B2C e-commerce requirements majorly, and two vertical industries — that is, retail and B2C-branded manufacturing — constitute more than 90% of its business. Eighty-five percent of its business comes from B2C engagement, and B2B represents only 15% of its business.

Demandware has more than 110 technology partners that have joined its Link partner program, and more than 30 service partners. The company also launched Collaboration Center, a community that enables skills development, project collaboration, and ideation for business and technical users. Demandware provided Open Commerce API for integration with third-party applications, announced new order management capabilities and provided an improved administrative interface to manage site experience.

## Cautions

Demandware offers an e-commerce solution along with Link partners; however, clients should evaluate the partner separately for its viability and product capabilities.

Client references surveyed gave lower satisfaction scores on capabilities such as content management and reporting, as well as integration with other third-party systems like order management.

Demandware started expanding into the Asia/Pacific and Japan region in 2011. In 2012, it established a local presence and delivery to China, as well as joint go-to-market partnerships to support multiple Asia-specific sites built for U.S. and European clients. However, Demandware has no live local client in Asia/Pacific and Japan.

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## Digital River

Digital River provides hosted e-commerce services for companies in the software, media, travel and consumer electronics industries. Digital River is a Challenger in this year's Magic Quadrant based on its broad technology platform, its customer portfolio within its target markets, and its expanded range of services for marketing, demand generation, payments and subscription management.

## Strengths

Digital River generated just under \$400 million in total company revenue in 2011 and is publicly traded. The company provides hosted e-commerce and related marketing, demand generation, subscription and payment services. Digital River primarily operates on a revenue share model, acting as the MOR and taking a percent of revenue generated through its e-

commerce sites.

Gartner estimates that approximately 62% of Digital River's revenue is generated from e-commerce services, and approximately 38% from marketing services, such as demand generation, retention and customer loyalty programs; professional services, including development and integration, consulting, and education; and payment processing, subscription management and billing services. The vendor provides global support, including eight data centers for redundant hosting; support of 168 currencies and 40 local payment methods; 30 site display languages; and customer support in 15 languages. Revenue distribution is approximately 69% North America/Latin America, 25% EMEA and 6% Asia/Pacific.

Digital River provides functionally complete e-commerce solutions for companies in its target vertical markets, including an integrated storefront, the ability to implement multiple global sites from a single product catalog, an integrated store architecture design environment, integrated subscription and payment services, digital fulfillment (for example, downloading) of products, demand generation and loyalty programs, cross-sell capabilities, and an API set for development of custom user experiences (for example, support of tablet or smartphone applications).

### **Cautions**

Digital River's focus on digital products, services and technology products means that its solution may not be an appropriate choice for companies outside those industries — for example, apparel or industrial products. Digital River offers a SaaS-based revenue share model and is not an appropriate choice for companies that want an on-premises e-commerce platform, or that do not want a revenue share model.

The vendor provides a broad range of capabilities and services, but these are largely unbundled from the core solution. Prospective customers should carefully evaluate Digital River's product and service offerings to understand specific functionality and pricing.

Reference customers identified concerns with project management capacity, and with a lack of flexibility in the core platform that made changes difficult and time-consuming.

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### **eBay-GSI Commerce**

eBay-GSI Commerce is an outsourcing e-commerce service provider that was acquired by eBay in 2011. A Challenger in this year's Magic Quadrant, eBay-GSI provides an e-commerce alternative for companies looking for an outsourced engagement based on a revenue share model.

### **Strengths**

eBay-GSI provides complete outsourcing capabilities, including an e-commerce Web store platform, order management, payments, logistics, cross-channel fulfillment, warehousing management, and customer support for retailers and branded manufacturing companies wanting to sell directly to customers in the North American and European markets.

eBay-GSI offers a scalable solution for retailers in the North American and European markets, and has worked with many established brands in retail. eBay-GSI leverages technology from Intershop for e-commerce Web store, and uses its own development resources to provide additional functionality, such as a rule-based promotions engine, shipping engine, componentized storefront editing tools, enhanced preview, approval and workflow management, and the development of a mobile framework that will extend to multiple mobile devices and operating systems.

Since its acquisition by eBay, GSI has leveraged the eBay brand, market presence, and adjacent services such as PayPal, Milo and Magento. eBay has also worked to increase its visibility in the e-commerce market by promoting its X.commerce initiatives.

### **Cautions**

eBay-GSI is challenged when it comes to assisting customers as they expand into different markets globally. At present, it primarily supports North American markets; however, it has been expanding into European markets since early 2011.

eBay-GSI was unable to deliver on the next release of its enterprise commerce platform (V11) as planned; this is now planned for 1H13, with the initial client ramp-up program already in place. Partly because of this delay, eBay-GSI witnessed a slowdown in its ability to acquire new customers in 2011 and 2012.

Gartner clients and customer references that evaluated eBay-GSI, but did not select it, cited the high percentage of revenue share as the reason for not selecting it. Customer references and Gartner clients raised concerns about eBay-GSI's ability to make ongoing changes and its flexibility to drive change, with each change coming at an additional cost and taking longer after the initial implementation.

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### **eBay-Magento**

Magento was acquired by eBay in 2011. eBay-Magento is a new addition to this year's Magic Quadrant, based on the eBay acquisition and a higher volume of Gartner client inquiries. A Niche Player, eBay-Magento is an open-source e-commerce alternative for companies that require lower license costs for their e-commerce platforms, and that are prepared to build out some areas of product functionality.

## Strengths

eBay-Magento is positioned as part of eBay's X.commerce strategy, alongside other eBay technologies such as GSI Commerce and PayPal. eBay-Magento has an ecosystem of more than 200 solution and integration partners, and a catalog of more than 6,000 extensions available for the product.

Although a majority of the implementations are in small or midsize businesses (SMBs), eBay's ownership has encouraged larger organizations to include eBay-Magento in evaluations where cost and flexibility are considerations. Magento does have several enterprise-scale organizations in its customer base. Reference customers identified total cost of ownership (TCO) and implementation time required as primary selection criteria when choosing eBay-Magento.

eBay-Magento is able to support relatively large volumes of transactions and product catalogs, with some users conducting 20,000 transactions per day and product catalogs of more than 5 million SKUs. Reference users gave positive feedback on overall satisfaction with the product, on its transaction management, and on the quality of the user interface and shopping cart management.

## Cautions

eBay-Magento's open-source approach encourages a wide ecosystem of plug-in applications and services from development organizations, but also means that building a customized e-commerce solution will require internal development resources, or the use of third-party products, value-added resellers or developers. Prospective users should map their functional requirements to understand whether components are available from eBay-Magento as standard product functionality or needing partner involvement, and whether the partner has prior enterprise implementation expertise.

Magento has an ecosystem of approximately 200 solution partners, which staff about 1,000 certified developers. However, reference customers commented on the need to vet partner capabilities. Reference customers also frequently cited issues with the availability and quality of postsales support from Magento.

eBay has not publicly articulated a clear product evolution path with other eBay e-commerce products, but is taking a modular approach to deliver integrated offerings across GSI, Magento and PayPal. Prospective users should determine what evolution path, if any, eBay offers for customers that outgrow the eBay-Magento platform.

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## Elastic Path

Elastic Path, a Niche Player in this year's Magic Quadrant, focuses on companies selling digital products, including software, gaming, apps, telecom and media services. Elastic Path Digital Commerce Suite includes capabilities for digital e-commerce catalogs and shopping carts, subscription and billing, and a Digital Commerce API that helps extend commerce to other interaction channels, such as mobile, proprietary devices and in-app/in-game commerce.

## Strengths

Elastic Path Digital Commerce Engine 6.4 provides core e-commerce capabilities including a product catalog, merchandising and offer management, order capture, and microsite support. The product also provides subscription and billing capabilities through a partnership with Aria Systems.

Elastic Path announced its Digital Commerce API product, an extension of its existing APIs that support the integration of devices including smartphones, tablets, digital displays, and in-application games and applications. The Digital Commerce API is based on the HATEOAS, REST and JSON architectures; and while reference customer and partner feedback on this API has been positive, prospective customers should confirm functionality and level of product support with Elastic Path and third-party developer resources.

Elastic Path invests approximately 18% of its revenue into R&D and solution development, which excludes the custom development work provided by its professional services organization. The company has also expanded its staff, and initiated partnerships with companies like Aria Systems and OpenText to build out its product portfolio. In reference surveys, users gave the company high marks for its product architecture, performance and scalability.

## Cautions

Elastic Path generated approximately \$18 million in revenue in 2011, with approximately 70% of that revenue coming from professional services. Prospective customers should consider Elastic Path's financial viability and resource availability, because there is a higher dependence on Elastic Path's resources for customization and implementation. Customers should also consider the implications of implementing a highly customized e-commerce solution in terms of support and the vendor's technology road map.

Although its stated focus is on digital e-commerce, Elastic Path lacks some core capabilities, such as the ability to store and fulfill digital products on behalf of its client companies, or its own digital rights management technology. The company also appears to be opportunistic in vying for contracts outside of its stated digital products focus, such as in retail or consumer goods.

Approximately 80% of Elastic Path's business comes from the North American market, and since it has limited implementation partnerships, prospective customers should evaluate the implementation capabilities in their primary market.

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## hybris

Hybris is a Leader in this year's Magic Quadrant, providing a scalable and competitively priced offering for a wide range of vertical industries in B2B and B2C business models. Hybris offers a scalable e-commerce product that is comparable to other Leaders; this is a partner-led, go-to-market model with a platform ability to meet the e-commerce requirements of larger organizations. Hybris is privately held with 500 customers and 600 employees. It is headquartered in Switzerland with North American support based in Montreal and Chicago.

Hybris acquired iCongo in 2011. Some iCongo customers have been migrated to the hybris platform. Hybris has no defined date as to when it will end support of the legacy iCongo solution, and it is working with less than half of the remaining individual iCongo customers to define migration plans. iCongo customers will continue to be supported until migrations are complete. Hybris has leveraged iCongo sales, support and R&D resources. iCongo and hybris resources (product managers, architects and developers) are working together to add additional order management capabilities to hybris.

### Strengths

Hybris continues to experience strong growth in its e-commerce business — it grew by an estimated 90% in 2011 and continued its growth in 2012. The company acquired 66 new customers in 2011, completed its acquisition of iCongo, and has built out sales, support and service organizations in North America, Europe, Asia/Pacific and Japan.

Hybris offers an e-commerce solution with functionality including merchandising, order management, product information management, support for multiple languages and currencies, multisite and microsite capabilities, analytics and reporting, native support for iOS and Android devices, and social commerce. The business administration tools are available in seven languages.

Hybris supports B2B and B2C e-commerce models, with approximately 40% of its business coming from customers with predominantly B2B requirements. Hybris offers scalable and flexible solutions that meet the needs of large and midsize enterprises, and more than 66% of hybris customers generate more than \$100 million in e-commerce revenue. Hybris supports a diverse set of vertical industries, including manufacturing, wholesale, retail and professional services, and recently announced new functionality and wins in telecom and media.

Hybris offers several delivery models, including on-premises, hosted and SaaS-based revenue share models. However, hybris has yet to offer fully outsourced e-commerce models, except in Europe, where they are offered through partners. The SaaS deployment model is typically offered to companies or divisions within companies with e-commerce revenue of less than \$50 million.

### Cautions

Hybris launched the SaaS offering in early 2012; it is still maturing as hybris builds its SaaS customer base and refines its go-to-market models.

Hybris is rapidly growing and must scale up the organization to meet the growing needs of the customer base. Hybris needs to improve its support and training resources for customers, strengthen the reference application accelerators and advise clients how to leverage their future product road maps. Customer references gave relatively low scores to hybris, compared with other Leaders, on reporting capabilities, integration with other third parties and ease of upgrading.

Hybris, which has a relatively weak presence in Asia/Pacific and Japan, needs to continue investing in those ecosystems to have local implementation and support expertise available in that market.

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## IBM

IBM WebSphere Commerce is a Leader in this year's Magic Quadrant, based on the scalability and product breadth of WebSphere Commerce, on the IBM Smarter Commerce vision for e-commerce, on support for B2C and B2B business models in global enterprise-scale organizations, and on IBM's ecosystem of solution and consulting partners.

### Strengths

WebSphere Commerce is an enterprise e-commerce product that provides scalability and flexibility, and is used in B2C (approximately 75% of deployments) and B2B (25% of deployments) organizations. More than 60% of WebSphere Commerce customers generate more than \$100 million in total revenue, underscoring WebSphere Commerce as a product for very large organizations. WebSphere Commerce supports 13 languages and multiple currencies, subsites developed for subsidiary or division e-commerce stores, order management, analytics and reporting, and merchandising. It also has native support for iOS and Android devices, as well as integration with social sites.

WebSphere Commerce is able to leverage recent acquisitions — including Coremetrics, DemandTec, Sterling Commerce and Unica — that form IBM's Smarter Commerce offering, as well as IBM Global Services and the company's global sales and support presence. Twenty-five percent of the IBM customers surveyed regard WebSphere Commerce as providing "transformational" business benefits to their organizations, highlighting the strategic

contribution of these assets.

WebSphere Commerce is used by companies in consumer goods, healthcare, high tech, business services and retail. References gave high marks for product and technology vision, product functionality and product manageability, although less positive scores for ease of upgrading and integration with non-IBM applications, such as Microsoft Office applications.

#### **Cautions**

WebSphere Commerce can integrate with other IBM assets (such as Coremetrics, Sterling Commerce and Unica) for functionality such as distributed order management, Web analytics and marketing automation. The multiple product sets bring richness of functionality, but also increase complexity and cost, particularly since out-of-the-box integration between these multiple software assets and WebSphere Commerce continues to be an ongoing process. Prospective customers should evaluate the additional cost of software, services and complexity against their business requirements.

Client inquiries often focus on the financial, human and time resources required to deploy a WebSphere Commerce solution. Because WebSphere Commerce is most often deployed in complex enterprise e-commerce projects, a higher level of resource requirements is expected. However, prospective clients should be aware that deploying WebSphere Commerce is a major initiative that may require third-party expertise and resources.

IBM's e-commerce SaaS strategy is still a work in progress. A new Commerce on Cloud hosted service was released in mid-2012; however, the majority of clients reported deploying WebSphere Commerce on-premises, while 40% reported using hosting services from companies other than IBM to support their WebSphere Commerce implementations. During inquiries, Gartner clients commented on the complexity of dealing with multiple IBM divisions for hosting services, on challenging contract negotiations, and on the difficulty of getting SLA commitments for hosting and software availability.

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#### **Intershop**

Intershop, a Challenger in this year's Magic Quadrant, provides on-premises and SaaS-based e-commerce solutions for multiple vertical industries, including telecom, manufacturing, high tech and retail. Intershop differentiates with a product offering that supports multiple vertical industries, and has competitive pricing and a platform that meets B2B and B2C requirements. Intershop predominantly offers an on-premises license model, with hosted and SaaS-based subscription models offered through partners.

#### **Strengths**

Intershop has witnessed good growth, securing 50 new deals and 16% growth in overall revenue across geographies including North America, Asia/Pacific and Japan, and Europe.

Intershop supports B2B and B2C e-commerce models, and approximately 48% of its business comes from B2B customers in a 500-customer installed base.

Intershop offers a scalable e-commerce solution that meets the needs of large and midsize enterprises. More than 74% of Intershop customers generate more than \$100 million in total revenue.

In March 2012, Intershop launched Intershop 7 platform, which provides all major capabilities including merchandising, order management, product information management, multisite and microsite capabilities, administrative interface, analytics and reporting, and social commerce.

#### **Cautions**

Intershop has a high dependence on two customers, which contribute to more than 20% of its business and also influence its product development road map. Intershop has not provided a clear road map on product releases to its customers and prospects.

Intershop has been relatively slow to invest in mobile commerce, and just offers mobile Web optimization functionality in partnership with Sevenval. Native mobile application capability will be available in the Intershop 7.2 release.

Customer references gave relatively low overall satisfaction scores to Intershop, particularly on professional services and future road map.

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#### **Jagged Peak**

Jagged Peak, a Niche Player in this year's Magic Quadrant, provides e-commerce solutions to midsize and large enterprise customers with B2B and B2C e-commerce requirements.

#### **Strengths**

Jagged Peak provides SaaS e-commerce services to customers across vertical industries including manufacturing, healthcare, consumer packaged goods, tourism, retail and wholesale. Approximately 30% of its business comes from B2B clients.

Jagged Peak's EDGE platform offers all major components of the e-commerce solution; however, it leverages third-party search and analytics solutions. Jagged Peak offers the FlexNet order fulfillment network and Agile content management along with its EDGE platform.

Jagged Peak is a good choice for midsize to larger organizations. It offers multiple delivery options to clients, such as on-premises managed service, single and multitenant SaaS, and a fully outsourced offering branded as TotalCommerce.

#### **Cautions**

Jagged Peak is mainly focused on the North American market, which contributes to 98% of the business.

Jagged Peak lacks some critical capabilities, like social commerce, and relies on third-party products for deeper business intelligence reporting and site analytics capabilities. Jagged Peak is enhancing its standard integration APIs, including integration with ChannelAdvisor and eBay, and is adding an enterprise service bus integration layer, which was planned for release in 2012.

Jagged Peak lacks a robust implementation partner ecosystem and depends on in-house resources to provide implementation service and support.

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#### **JDA Software**

JDA Software is a Niche Player in this year's Magic Quadrant, and is an established provider of warehouse management, inventory management, workforce management, and supply chain and commerce management products. JDA Commerce Suite provides support for customer interactions across in-store, call center, kiosk and e-commerce channels. RedPrairie, which was included in the 2011 "Magic Quadrant for E-Commerce," and JDA completed a merger in December 2012, with an anticipated combined revenue of more than \$1 billion for 2012; however, for this Magic Quadrant, RedPrairie Commerce Suite (premerger) was evaluated.

#### **Strengths**

JDA Software provides a broad range of warehouse management, inventory management and e-commerce software for retailers and branded manufacturers. The company has more than 3,200 customers overall and a presence in more than 70 locations. JDA Software's e-commerce revenue in 2011 was approximately \$21 million. JDA has rebranded Escalate Retail and several of its other retail management acquisitions as JDA Commerce Suite, which provides catalog, pricing and promotion, gift registry, order processing, and e-commerce functionality.

Reference customers gave positive feedback for functionality, including order management, creation and management of Web storefronts, site merchandising, and customer/account management.

RedPrairie announced a new product, Commerce Cloud, that provides a hosted version of the RedPrairie Commerce Suite. The April 2012 v.1 release also provides functionality such as the Store Center, which provides e-commerce capability and clienteling for in-store employees, as well as loyalty management for in-store, kiosk or e-commerce transactions.

#### **Cautions**

The JDA Commerce Suite product has moved through several corporate owners: Prior to the December 2012 merger, it was RedPrairie Commerce Suite, which was formed when RedPrairie acquired Escalate Retail. Prior to that acquisition, Escalate Retail was formed from several companies and technology assets, including the Blue Martini e-commerce product. Customers should examine and understand the current and future e-commerce road map as part of their evaluation process.

Commerce Suite 2012 v.1 was released in April 2012 and currently has a relatively small number of production installations. Version 2 of the same product was released in December 2012. Companies looking to implement v.1 or v.2 should identify production sites to ensure that any functionality tied to these releases and required for their organization is available and stable.

Customers looking to leverage JDA Commerce Suite with other JDA software assets should understand the provenance and current architecture, and confirm JDA's future plans for each of these components. The merger of RedPrairie and JDA has created duplications of product functionality in some areas, such as merchandising and the order management system.

Reference customers noted that the mergers of several companies and technologies have resulted in a mix of development environments, user interfaces and administrative tools. References commented on challenges with application development, upgrading, administration and product manageability.

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#### **MarketLive**

MarketLive is a Niche Player in this year's Magic Quadrant. It provides a B2C e-commerce solution on a platform-as-a-service model, along with strategy and implementation services, with each customer on a single-tenant model. MarketLive focuses on the retailers' and branded manufacturers' vertical industries, such as apparel, health and beauty, education, sporting goods, and the home segment.

#### **Strengths**

MarketLive Intelligent Commerce Platform offers merchandising, catalog management, mobile, social, A/B testing and search, making it a good choice for small to midtier retailers.

Approximately 68% of MarketLive's revenue comes from customers doing e-commerce business between \$10 million and \$100 million, with only 9% of revenue coming from customers doing e-commerce business above \$100 million.

MarketLive offers multiple advanced features in its e-commerce platform for B2C retailers and branded manufacturers. The vendor keeps good pace with the market through its product road map, upgrade frequency and adoption of new trends in the e-commerce market.

MarketLive has a strong commitment to product development, and invests 24% of its revenue on R&D.

#### **Cautions**

MarketLive is focused on the retail vertical industry, and approximately 95% of its business comes from B2C.

MarketLive is mainly focused on the North American market, which contributes to 98% of its business.

Clients raised concerns about MarketLive's ongoing support practices and delays in ongoing change projects.

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#### **Micros Systems**

Micros-Retail is a division of Micros Systems, a provider of retail and hospitality systems. The core product, Open Commerce Platform (OCP), provides retail management, including e-commerce. Micros Systems is a Niche Player in this year's Magic Quadrant.

#### **Strengths**

OCP is used by retail, branded manufacturing, life science and financial services companies, with retail accounting for more than 85% of revenue.

OCP provides a broad range of capabilities, including e-commerce, order management and loyalty management. It is available as a licensed, on-premises product; as a hosted product; or, for smaller organizations, as a SaaS, multitenant version. OCP also provides integration with other Micros-Retail applications, such as Xstore, Relate and Serenade.

OCP includes technology integrated as part of the acquisitions of CommercialWare, Datavantage, Fry and Torex. Micros-Retail also provides professional services that many customers use to customize and integrate OCP into back-end or legacy systems. Reference customers gave high grades to Micros-Retail's overall quality, as well as to its customer support, product quality and product functionality, including user interface, shopping cart and transaction processing.

#### **Cautions**

Micros-Retail focuses on retail and its integrated approach to e-commerce with the OCP product. It may not be ideal for companies in other industries, or for those that are not prepared to implement the entire OCP suite. Micros Systems' corporate focus is on hospitality, retail and point of sale (POS) systems. The parent company generated approximately \$1 billion in total revenue in FY11, while Micros-Retail generated approximately \$300 million.

Micros-Retail relies extensively on professional services to provide specialized e-commerce functionality, integration and implementation. A professional services staff composes the majority of the division's head count, and professional services make up more than 70% of the total cost of a Micros-Retail e-commerce implementation. Although this approach may lead to a highly customized solution, prospective customers should also understand the future technology road map implications of implementing a tailor-made solution that is no longer part of a mainstream, licensed e-commerce product.

Micros-Retail OCP invests a relatively smaller percentage of revenue in R&D than its competitors do, although technology developed as part of professional services engagements may be used to augment core R&D investments. The OCP product continues to lag in providing out-of-the-box support for mobile devices and social capabilities.

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#### **NetSuite**

NetSuite is a Niche Player in this year's Magic Quadrant, providing the SuiteCommerce e-commerce application as a component of its SaaS-based offering, which includes ERP, financial management and CRM applications. NetSuite supports B2B and B2C e-commerce requirements for SMBs and divisions of large enterprises.

#### **Strengths**

NetSuite provides an integrated e-commerce solution to its SaaS ERP, financial management and CRM customers. Reference customers have commented favorably on the integration between SuiteCommerce and other NetSuite solutions, and on the relatively small amount of time and resources required to deploy an e-commerce solution.

NetSuite has grown rapidly in recent years. The company supports more than 2,800 stores, primarily for SMBs in retail, branded manufacturing, distribution/wholesale and high tech; however, a relatively small percentage of NetSuite's total revenue comes from e-commerce business.

SuiteCommerce is a SaaS e-commerce platform, and features include content management, storefront, shopping cart, check-out, order management, inventory management, warehousing and fulfillment. SuiteCommerce also provides support for more than 12 languages, for more than 170 currencies and for financial management, such as tax and shipping calculations and customs documentation.

#### **Cautions**

As noted above, SuiteCommerce is integrated with core NetSuite solutions and used mostly by companies that have implemented NetSuite. However, NetSuite has started offering e-commerce as an independent offering integrated with third-party CRM and ERP applications.

SuiteCommerce is appropriate for SMBs in NetSuite's core markets of retail, branded manufacturing and distribution/wholesale. SuiteCommerce requires customization for social, customer community capabilities and native mobile applications. NetSuite is focused on the North American market, followed by Europe and then Asia/Pacific and Japan. Approximately 78% of business comes from the North American market.

Reference customers gave overall low satisfaction scores. They commented that integration with non-NetSuite applications is challenging and that application development within SuiteCommerce can be limited. References also gave average to low rankings to the ability to create and customize storefronts, and to interactive selling features such as cross-sell/upsell and merchandising.

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#### **Oracle (Commerce)**

Oracle Commerce is a Leader in this year's Magic Quadrant, based on its ability to support B2C and B2B business models, on its ability to address e-commerce requirements across multiple industries, and on the broader solution capabilities provided by other Oracle application assets. Oracle rebranded the former Oracle ATG and Oracle Endeca products as a single product line, Oracle Commerce, in 2012.

#### **Strengths**

Oracle Commerce is a scalable e-commerce solution that can support B2B and B2C organizations across a number of vertical industries, including retail, manufacturing, telecom, distribution and others. It offers standard capabilities, including merchandising multisite and microsite, multiple languages and currencies, order management, social and mobile commerce, and interactive site presentation.

Oracle Commerce has a good vision, leveraging other Oracle applications — including WebCenter Sites (formerly called FatWire), Siebel and Oracle Fusion assets — with strong positioning around digital customer experience. Oracle ATG Web Commerce 10.1, which was released in May 2012, introduced improvements in merchandising; has mobile reference applications; provides a single platform for B2C and B2B selling; has ATG business tools localized in nine languages; has support for non-Latin URLs; has advanced capabilities for promotions, including coupon tracking and serialized coupon codes; and has stacking rules to prioritize promotions.

Oracle ATG Web Commerce 10.1 released improved integration with Oracle products, including standard integrations with Endeca and Coherence, as well as the Exalogic and Exadata offerings. Integration documentation with sample integration code is also now available for Siebel and the Oracle Retail suite. Subsequent releases of Oracle ATG Web Commerce will focus on integration of Siebel user data with ATG profiles, integration of Siebel catalog data with ATG catalog repositories, integration of Retail Merchandising item/price feed data mapping with ATG, and integration of ATG with Retail Store Inventory Management. Integration is also under way between ATG, Endeca and WebCenter Sites to provide a common technology framework and tool environment for creating, managing and delivering a consistent customer experience across channels. Ongoing integration with RightNow will provide commerce contact center functionality within the SaaS service offering.

References gave positive feedback and higher satisfaction scores for product functionality, vision and manageability of the product, although less positive scores for overall satisfaction, reporting capabilities, ease of upgrade and overall implementation experience.

#### **Cautions**

Oracle is still in the process of integrating Endeca, WebCenter Sites and Fusion Distributed Order Orchestration, and streamlining its road map. Some components will be subset across the portfolio, increasing challenges for customers to keep pace with changes. Prospective customers should evaluate the additional cost, complexity and higher dependence on Oracle resources as integrations are being worked out.

Clients that evaluated Oracle Commerce products, but invested in another vendor, cited concerns with TCO, technical architecture and a lack of strategic partnership with Oracle as the primary reasons for not selecting Oracle Commerce.

References raised concerns, such as a lack of visibility into Oracle's road map, an inability to influence commerce developments plans, a communication gap between Oracle product support and the development team, a lack of strong B2B capabilities, and difficulty in integrating with legacy systems without compromising on functionality.

Oracle Commerce is not available as a SaaS solution, although Oracle and its partners offer hosting services. Clients have commented on the difficulty of having to work with two or more Oracle internal organizations, and on the need to negotiate and execute more than a single contract when implementing Oracle Commerce as a hosted service. However, two

modules — the Oracle ATG Live Help On Demand and Oracle Recommendations On Demand solutions — are offered as a SaaS subscription service.

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## Oracle (iStore)

Oracle offers two e-commerce solutions, iStore and Oracle Commerce (ATG and Endeca). Oracle iStore is a Niche Player in this year's Magic Quadrant; it is most appropriate for organizations that require tight integration with Oracle E-Business Suite (EBS), and that require cost-effective, B2B-focused e-commerce capabilities.

### Strengths

iStore is tightly integrated with Oracle EBS — including Oracle Configurator, Order Management, Advanced Pricing and Quoting — providing a cost-effective and resource-effective e-commerce solution for organizations that require B2B e-commerce functionality and EBS support. Integration with EBS also enables customer access to order and inventory information; it enables cross-selling and provides a single data repository for customer, financial and product data.

Oracle continues to enhance iStore and keep it current with other Oracle assets. Plans for 2013 include support for Fusion Middleware 11g and Oracle 11g R2 Database, as well as improvements to shopping lists and carts.

iStore can be an effective e-commerce solution as an alternative customer sales channel for B2B companies looking to augment indirect sales channels, and where large increases in revenue are unlikely to be realized.

### Cautions

iStore is appropriate for B2B or limited B2C environments in which complex user interfaces, shopping experiences or storefronts are not a requirement. Reference customers gave good scores to iStore for its relative ease of implementation and integration in EBS environments, but relatively low scores for its user interface, and its ability to customize storefronts and support complex shopping activities. Endeca integration is still in progress and will provide capabilities to create a rich user interface.

iStore is rarely sold or implemented outside the Oracle EBS user base, and companies that require broader functionality, that have more complex integration requirements, and that can justify a larger investment based on the e-commerce revenue potential should evaluate Oracle Commerce as well as other e-commerce platforms evaluated in this Magic Quadrant.

Reference customers and client inquiries point to confusion regarding Oracle's e-commerce strategy road map. Prospective and current users of iStore should ensure that they understand Oracle's stated commitment with regard to integration with other Oracle assets, notably Fusion CRM; the positioning of iStore with regard to Oracle Commerce and adjacent e-commerce technologies from Oracle; and support for core areas, such as mobile and third-party content management systems.

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## SAP

SAP is a Challenger in this year's Magic Quadrant, based on the strong commitment of existing customers to upgrade to the new e-commerce platform — Web Channel Experience Management, which was launched to support B2C and B2B e-commerce requirements — an ecosystem of solution and consulting partners, and a strong global presence. SAP also sells an older e-commerce product: SAP CRM Web Channel Enablement.

### Strengths

SAP has strong customer demand for its e-commerce offerings, with more than 200 net new customers over the past year licensing either the newer Web Channel Experience Management product or the older Web Channel Enablement product. SAP has had 40 active projects and 10 live customers on Web Channel Experience Management 2.0 since April 2012.

The SAP Web Channel Enablement and Web Channel Experience Management products provide tight integration with SAP ERP and CRM applications, as well as all the major functionality required for e-commerce, including merchandising, order management, multisite and microsite capabilities, product information management, and pricing. SAP also offers full e-service capabilities out of the box, which is a differentiator for the company. However, currently, SAP offers cascading style sheets to present mobile variants of the online shop, and requires customization for social integration.

SAP has a strong technology road map that strengthens support for multichannel commerce and tighter integration with other SAP applications. Major improvements include a unified interface for mobile supported by Sybase, NetBase analytics capabilities supported by Hana for social, and improvements in B2B capabilities, including configuration management, order management, personalization and targeting capabilities.

### Cautions

SAP's leading e-commerce solution, Web Channel Experience Management, is relatively new and has few production customers, as noted above. Prospective customers are advised to ask for references and to confirm current and planned technology road maps. SAP Web Channel Experience Management requires clients to be on SAP ECC 6.0 or SAP CRM 7.0 with

the appropriate enhancement packs.

Web Channel Experience Management 2.0 went into ramp-up in the first half of 2012, but at the time of this publication, a relatively small number of customers have gone into production. Clients should identify production sites to confirm the availability of required functionality.

The client references surveyed gave relatively low scores on functional capabilities, such as content management, master data management, customer reviews and recommendations. Clients have to invest time to optimize the system, and there is higher dependence on SAP resources for implementation, thereby increasing the cost of implementation.

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## Venda

Venda, a Niche Player in this year's Magic Quadrant, provides a SaaS-based e-commerce platform and supports multiple vertical industries, including retail, telecom, government and media. Venda differentiates on a multitenant, single-instance SaaS offering linked to a flat monthly fee that's charged in addition to a predictable flat transaction fee. Venda offers e-commerce implementation and optimization services on the platform, focusing on midsize to large enterprise customers; however, approximately 6% of its business comes from customers earning more than \$100 million in e-commerce revenue.

### Strengths

Venda has experienced good growth, securing 26 new customers and 33% revenue growth through December 2011. It has customers across vertical industries including fashion, retail, pharmaceuticals, home improvement, public sector, education and media.

Venda offers a multitenant Cloud Commerce Platform and service, which include order management, merchandising, contact center, a mobile and tablet-enabled platform with device-aware templating tools, Facebook stores, Venda Fulfillment PRO for end-to-end outsourcing engagements as well as integration with retail POS systems, and video from Brightcove, vzaar and YouTube.

Venda offers 99.96% availability SLAs, with penalties for nonperformance through service credits.

### Cautions

Venda supports B2C e-commerce requirements, and 98% of its business comes from B2C engagements.

Client references gave lower overall satisfaction scores on platform flexibility to accommodate changes, postdeployment support and time to implementation.

Venda has a limited presence in Asia/Pacific and Japan with no direct sales presence in the region. Only 1% of Venda's business comes from the Asia/Pacific and Japanese market.

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## Volusion

Volusion is a Niche Player in this year's Magic Quadrant. It provides SaaS e-commerce services to SMB customers in the retail and branded manufacturing sectors. In 2011, it generated approximately \$20 million in revenue (Gartner estimate).

### Strengths

Most of Volusion's customers invest less than \$50,000 per annum for their e-commerce sites. This highlights Volusion's cost-effectiveness and also the relative size of its typical customer.

Volusion references gave high grades to the company's products, customer support and product vision. They also gave high grades to Volusion's shopping cart, transaction processing, order management and user interface.

Volusion is a good choice for smaller organizations and for divisions of larger enterprises on limited e-commerce budgets. The company supports more than 35,000 online stores. The product includes support for merchandising, product management, shopping cart, order management, email marketing, cross-channel campaigns and merchant services. Volusion offers integration with Akamai, Authorize.Net, eBay, FedEx and Google.

### Cautions

Volusion is focused almost entirely on the SMB market, with about 98% of its customers generating less than \$10 million in e-commerce revenue, and with most of them relying on single-channel e-commerce for their revenue.

Volusion is focused almost entirely on the North American market, although it opened offices in Europe in 2010.

Volusion's API set and ability to support a standard set of integration capabilities were only released in 2012; reference customer or partner experience with the API set is still limited, and Volusion has recruited approximately 75 partners to provide plug-in or incremental functionality.

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

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## Added

eBay-Magento was added to this year's Magic Quadrant based partly on an increasing number of inquiries about this vendor, and also based on its position as part of eBay's e-commerce product strategy, X.commerce.

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## Dropped

iCongo: Acquired by hybris in 2011 and covered in this Magic Quadrant as hybris.

Microsoft Commerce Server: In 2011, Microsoft announced that it was transferring the intellectual property — and, after 1 July 2011, any new customers — of its Commerce Server product to [commerceserver.net](#) (Ascentium). The Commerce Server product is covered in this Magic Quadrant as [commerceserver.net](#)'s Commerce Server.

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## Inclusion and Exclusion Criteria

### Market Traction and Momentum

Technology provider has at least 50 production customers for e-commerce functionality, each with at least an average of 10,000 transactions per week.

Technology provider has at least 10 new referenceable customers for e-commerce in the past four rolling quarters through 1 July 2012, and five referenceable customers that have gone through at least one version upgrade of the application.

Technology provider has generated at least \$5 million in revenue for e-commerce in the past four rolling quarters.

Technology provider has demonstrated active market participation — including, but not exclusive to, inbound customer inquiries to current Gartner customers and prospects.

Technology provider has multiple production references on a current version (a minimum of at least 10), and has made visible efforts to sell and/or market its product to new customers.

The vendor must provide sales and support for the e-commerce product in at least two of the following five geographic regions: North America; Latin America; EMEA; Japan; and the Asia/Pacific region.

Technology provider has sufficient professional services, delivered internally or through partnerships, to fulfill current and future customer demand over the next 12 months.

### E-Commerce Product Capabilities

Technology provider has a generally available, credible e-commerce platform that meets the following criteria:

Deployed on-premises, as hosted infrastructure (with dedicated database, hardware and other infrastructure) or with SaaS.

Supports common e-commerce functions — such as Web storefronts, shopping cart management, product catalogs, product information management, pricing, personalization, transaction management, site and product search, settlement, product visualization and order management — that enable the selling of products or services over the Internet. These capabilities must be able to service consumers' and business partners' core e-commerce needs, and must be designed to foster long-term customer relationships via the Web.

Provides operational e-commerce capabilities that can be used for B2B or B2C sales.

Delivers value to multiple clients in live production conditions (a minimum of 50 unique clients running at least one production site on the current offering).

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## Evaluation Criteria

### Ability to Execute

Enterprises evaluating e-commerce applications have wide-ranging requirements for different audiences. A breadth of functionality supporting different types of industries and B2B and B2C deployment scenarios, a demonstrated track record of meeting customer needs, and a successfully expanding market presence are all important criteria for the Ability to Execute in this market.

In this section, the following criterion weighting has changed since the 2011 Magic Quadrant:

Market Responsiveness and Track Record has changed from standard to high because of increased customer focus on a single platform for B2B and B2C, industry expertise, the ability to support multichannel and personalized engagement, global deployments, and different delivery models and associated pricing.

**Product/Service (High):** The technology provider must demonstrate the capability to support B2B and B2C operational e-commerce commodity functions, as well as advancements in the product since its last release. The following e-commerce capabilities were considered:

**Core common e-commerce** includes functions such as the creation and management of Web storefronts, shopping cart management, taxation, transaction management, settlement and product visualization. These functions enable clients to build online stores and provide basic capabilities for the online selling of products and services.

**Interactive site presentation and a rich user experience** can include rich Internet applications (RIAs — such as sliders, carousels, preview tags and so on) as well as video and mashup capabilities during customers' online shopping experience.

**Interactive selling** (advisor, guided selling, cross-sell, upsell, promotions, product comparison, recommendations and others) provides tools that enable sales assistance and advisement to customers during their online shopping experience.

**Site merchandising management** enables the organization to have a merchant or product/service end user determine the placement, presentation, packaging, pricing and promotion of a product on a website.

**Order management** enables the customer or business partner to track and monitor an order across various back-office systems from a single point in the Web store. It also enables functions such as reordering via a previously placed order, ordering via order templates, management of large numbers of line items per order, ordering from sales contracts and distributed order management.

**Product management**, catalog management and product information management capabilities. At a minimum, clients should be able to create, populate and manage a product catalog that customers and business partners can use to shop for and purchase goods or services.

**Configure, price and quote** enable self-service capabilities for customers to configure ship-to-order or assemble-to-order products and services.

**Customer and account management** enables an enterprise to manage the customer account information that has been collected, and enables end customers to manage changes to their accounts. Capabilities also include the ability to manage and apply customer-unique pricing, the management of customer hierarchies and the transfer of orders to another user of the same account.

**Personalization and preference profiling** enable the website experience to be customized (by the user or dynamically) for the customer.

**Multichannel selling** enables an organization to integrate Web sales and capabilities with other customer points of interaction, such as Web-enabled mobile phones, stores, contact centers and so on.

**Customer community capabilities** may include things such as product/service reviews and ratings, the creation and management of an online community or integration with established external communities, support of wikis, blogs and so on.

**Site and product search** enables the search for and location of products in a Web store during the shopping experience, as well as the location of categories of goods and services.

**Search engine optimization** enables an organization to improve its ranking in external search engines, such as Bing, Google, MSN and Yahoo.

**Lead management** enables the enterprise to generate online sales. It also enables the capture of customer information for a product or service sale, and then distributes a completed order to a partner for fulfillment.

**Locator and matching** enable customers to locate stores, dealers or distributors within their chosen area, which can be by ZIP Code or other location information (such as GPS) when the site is viewed via a mobile phone's browser or application.

**Warranty/returns management** enables the management of customer returns, as well as warranty claims and requests, from the moment the issue begins until it is resolved.

**Analytics and reporting** enable functions such as site activity (hits), site errors, uptime, browser types, abandoned carts, viewed products, visit conversion rate, campaign effectiveness, content presented, page design, content "stickiness" and visitor segmentation.

**Multisite management** enables the management of multiple subsites, brands or markets centrally.

**Internationalization** tools enable multilanguage, multicurrency, taxation and related localization tools to adapt to local requirements.

**Integration capabilities** enable integration with other back-office systems (like order management, inventory, procurement, Web store, customer service and so on) to support quote to fulfillment, and also to help clients optimize their processes.

**Multiple browser support** enables the detection of different Web browsers and ensures a consistent experience across multiple Web browsers, including mobile browsers.

**Mobile commerce** is the ability to create, manage and interact with mobile applications/content, and to support mobile browsers and SMS communications.

**Social commerce** supports customer interaction, ordering and integration with social media sites of all types.

**Content management** is the ability to manage Web content and digital assets, and to share the same across channels.

**Payments** is the ability to support multiple payment options, such as payment by account number or purchase order number.

**Partner management** is the management of certified partners and product entitlement. It identifies the most suitable partners to fulfill the requirement.

**Overall Viability (Business Unit, Financial, Strategy, Organization) (High):** This criterion 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 to invest in the product. Assessments of the organization's cash and equity position, management, and financial strategy are also weighed.

**Sales Execution/Pricing (Standard):** This criterion addresses the technology providers' capabilities in all presales activities and the structures that support them. It includes deal management, pricing and negotiation, presales support and the overall effectiveness of the sales channel. Also included are assessments of the quality of the technology providers' sales forces, their demonstrated market shares and their pricing strategies.

**Market Responsiveness and Track Record (High):** This criterion is the vendor's 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 considers the provider's history of responsiveness or its track record in the e-commerce market. It also weighs the range and level of success among large enterprise customers using the e-commerce offering.

**Marketing Execution (Standard):** This criterion addresses 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. Product revenue, organizational mind share, and the health of partner and alliance programs are considered.

**Customer Experience (High):** Successfully supported customers are important in this market, so this criterion entails the vendor's assistance and support with launching client sites, and is coupled with support, maintenance and upgrades to the production site:

**Professional services** means providing internal professional services resources — or partnering with system integrators with vertical industry expertise, e-commerce domain knowledge, global and localized country coverage, and a broad skill set (for example, project management, system configuration) — to support a complete project life cycle.

**Customer support** means providing satisfactory and demonstrated (that is, referenceable), prompt service to customers worldwide. The technology provider must have numerous successful implementations of the product, as well as client experiences with the product, to demonstrate its capability to meet client expectations across regions. This can include ancillary tools, customer support programs (and the quality thereof), availability of user groups and SLAs.

**Operations (Standard):** This criterion is the vendor's ability to meet its goals and commitments. Factors include the quality of the product management team and the quality of service and support provided, developer organization skill sets and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product/Service	High
Overall Viability (Business Unit, Financial, Strategy, Organization)	High
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	High
Marketing Execution	Standard
Customer Experience	High
Operations	Standard

Source: Gartner (May 2013)

### 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 e-commerce products exhibit Completeness of Vision in this market.

In this section, the following criteria weightings have changed since the 2011 Magic Quadrant:

Vertical/Industry Strategy has changed from standard to high because e-commerce has moved beyond the few vertical industries like retail and into emerging vertical industries like media, publishing, financial and telecom. Vendors need to have a strategy and product vision to meet different vertical industry e-commerce needs.

Offering (Product) Strategy has changed from standard to high because the e-commerce market is evolving at a rapid pace, and clients are focusing on improving the digital customer experience and multichannel engagement with advanced capabilities in areas like search, personalization, targeting, analytics, social, mobile and so on.

**Market Understanding (High):** This criterion addresses the technology provider's ability to understand buyers' needs and translate them into products and services. Vendors that show the highest degree of vision listen and respond to buyers' current demands while responding to emerging needs. The technology provider demonstrates a strategic understanding of e-commerce opportunities (for example, multichannel, personalization) and ongoing vendor market dynamics (for example, consolidation trends). In addition, the technology provider demonstrates an understanding of the wider implications and position of e-commerce in a company's CRM strategy, because sales, marketing and service strategies are valuable to customers taking the strategic view.

**Marketing Strategy (Standard):** The technology provider demonstrates a clear, differentiated set of messages that are consistently communicated to clients across all channels.

**Sales Strategy (Standard):** The technology provider demonstrates a clear sales plan for the product and how it will be executed through various sales resources, such as direct sales, indirect sales, partners and the Web.

**Offering (Product) Strategy (High):** This criterion addresses a technology provider's approach to product development and delivery, which emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements for integration, standards support, collaboration, development environment support, personalization capabilities, architectural evolution and feature enrichment. Technology providers publish "statements of direction" (or Gartner's understanding of them) for the next two product releases to keep pace with Gartner's vision of the e-commerce market. Technology and architecture figure strongly here. The vendor must offer a range of e-commerce architectural styles to satisfy different implementation scenarios, such as B2B, B2B2C and B2C.

**Business Model (Standard):** The technology provider has a well-articulated strategy for revenue growth and sustained profitability. Key strategic elements include the sales and distribution plan, internal investment priority and timing, and partner alliances.

**Vertical/Industry Strategy (High):** This criterion is the technology provider's capability to articulate how it will service industry-specific needs from a "whole product" viewpoint (that is, from delivered products and services required to gain value from the solution). Included are reviews of the vendor's strategy for delivering product requirements (for example, retail, distribution, manufacturing, consumer goods, telecom, publishing/media, travel and tourism, financial services and automotive aftermarket).

**Innovation (High):** This criterion addresses direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes. In the e-commerce space, innovation can involve architecture, interoperability and integration, composite applications, RIAs, cloud computing, social commerce, context awareness and analytics.

**Geographic Strategy (High):** This criterion is the technology provider's strategy to direct resources, skills and offerings to meet the specific needs of locations outside the "home" or native geography — directly or through partners, channels and subsidiaries — as appropriate for those regions and markets.

**Table 2. Completeness of Vision Evaluation Criteria**

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

Source: Gartner (May 2013)

## Quadrant Descriptions

## Leaders

The Leaders quadrant contains technology providers that demonstrate the optimal blend of insight, innovation, execution and the ability to see what's going to happen next. These providers lead the market in e-commerce by consistently demonstrating their understanding of emerging technologies, such as personalization and mobile, by understanding globalization and emerging vertical industries beyond retail, by providing a single platform to address B2B and B2C e-commerce requirements, and by supporting multiple delivery models as per customer requirements. These technology providers offer products that cover core e-commerce capabilities as well as innovative capabilities, and they are consistently on clients' "longlists" and shortlists of e-commerce evaluations. Leaders have a record of winning these accounts and delivering customer satisfaction, strong support and professional services, leading to the implementation of successful e-commerce sites.

These Leaders have demonstrated longevity in the e-commerce market, as well as a commitment to product innovations for Internet sales. In addition, they represent technology providers with the strongest capability to meet Internet B2B and B2C selling requirements.

In addition to achieving high scores for Ability to Execute and Completeness of Vision, Leaders have all the following attributes:

1. Through production customer implementations, the ability to support B2B and B2C business models on the same technology platform.
2. Demonstrable and complete globalization strategy and execution, including investment in the growing Asia/Pacific market.
3. Demonstrated ability to offer more than one deployment model, with flexibility to move between these models. Examples of deployment models include licensed, on-premises deployment; SaaS deployment (single-tenant or multitenant SaaS); or licensed, hosted (by the vendor or a third party) deployment.
4. Value-added product offerings with integrated capabilities in adjacent areas, such as customer service, analytics, marketing, personalization or distributed order management.
5. Demonstrated ability to address broader, multiple, vertical-specific requirements, and a demonstrated ability to address vertical industries beyond retail.

Technology providers in the Leaders quadrant have demonstrated consistent, extensive and durable execution in delivering e-commerce websites at the enterprise level. In addition, the maturity of this market demands that Leaders maintain a strong vision regarding the key points that have emerged during the past year, including globalization, mobile e-commerce, social commerce, multiple deployment options and multisite management; the capability to support B2C, B2B and B2B2C selling models; integration with multiple points of interaction, such as mobile, call centers and stores; and support for overall sales, service and marketing in an e-commerce context.

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## Challengers

Challengers typically have offerings for a client base that is focused on mainstream and some visionary core operational e-commerce capabilities, and/or a limited number of industries or geographies and a single type of selling (for example, B2C-only sales capabilities). These technology providers have market presence in the e-commerce space, and clients often refer to them on their longlists of vendors. However, to be elevated to the Leaders quadrant, these technology providers must improve their company and product visions for e-commerce by adding new industries; new sales models; B2B, B2C and B2B2C; new geographies or new product capabilities; and new delivery models.

Challengers generally have access to R&D capital, highly capable execution models, ease of implementation and deep functionality involving core operational e-commerce — all of which make them successful. Challengers also can demonstrate some variety of e-commerce implementations across business models and different industries. However, they may not have a wide array of industries covered, and are seeking to expand into other industries and support multiple business models.

End-user organizations are often concerned about the technology provider's ability to deliver at the enterprise level in cases where heterogeneous environments, advanced B2C and B2B selling capabilities, and/or innovative capabilities (such as globalization, mobile e-commerce, social or other emerging areas of innovation) are involved, or where the e-commerce offering isn't the primary focus because it's part of a larger solution (such as CRM or ERP). This includes offerings with weaker marketing messages, but also products that exhibit the potential to move into the Leaders quadrant by demonstrating strong, new client acceptance in B2C and B2B accounts, and by demonstrating the ability to span heterogeneous environments and deliver innovative customer experiences online.

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## Visionaries

Visionaries apply an innovative, market-leading, and forward-thinking or disruptive approach to e-commerce. Because of this, they also might have smaller market shares. New entrants with exceptional technology may appear in this quadrant early, after their general availability release; typically, however, unique or exceptional technology will emerge in the Visionaries quadrant after several quarters of general availability.

This quadrant is often populated by new entrants that have new architectures and functionality. However, established technology providers offering new functionality that isn't found in any other provider's offerings also can be considered Visionaries.

Visionaries can meet customers' production requirements and have a general availability of at least one year, which indicates that they are more than just startups with good ideas. Technology providers in this quadrant must have customers in production, thereby proving the value of the new functionality and architecture. Frequently, Visionaries will drive Leaders toward new concepts and engineering enhancements. However, Visionaries also can be the acquisition targets of Leaders and Challengers.

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## Niche Players

A Niche Players technology provider has a small market share and/or a narrow market appeal or specialization with its current customers. Although its solution may be compelling, market adoption/traction is limited. However, these providers surpassed this Magic Quadrant's entrance requirements, whereas other organizations not found in this research were unable to satisfy the entrance criteria. Clients should not infer that Niche Players perform poorly and cannot meet an organization's e-commerce needs; rather, clients should realize that these vendors are participating in an extremely competitive market.

The Niche Players quadrant contains technology providers in several categories, including:

Those that offer an exceptional product limited to a specific end-user community (for example, only B2B manufacturers, or B2C retailers that sell only a specific product type) or a specific vertical industry (for example, manufacturing only), or those that have a limited geographic strategy. Moreover, in some cases, the offering is for a vertical industry within an industry, such as branded high-tech manufacturers or apparel retailers only.

Those with new e-commerce products that lack general customer acceptance, market visibility or proven functionality to move beyond niche status.

This quadrant is the starting point for many new entrants in a Magic Quadrant; however, some vendors may be included due to one or more of the above reasons.

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## Context

Vendors included in this Magic Quadrant have demonstrated their ability to provide licensed, SaaS or multiple delivery options that support the development of e-commerce sites for midsize to large enterprise customers across a range of industries. Some vendors provide products exclusively for B2C markets, such as retail, while other vendors or products are designed for the needs of B2B organizations. Some products support both models.

This Magic Quadrant evaluates many e-commerce vendors in the market, but is not intended to be an exhaustive list of all possible vendors, solutions or products. The Magic Quadrant is a valuable tool to assess and compare multiple potential solutions and vendors, but clients are encouraged to develop a clear understanding of their own objectives and requirements, and to use the Magic Quadrant in conjunction with inquiries with Gartner analysts.

Magic Quadrants are snapshots in time. To be fair and complete in the analysis, Gartner stops data collection at a specific time. The cutoff date for this Magic Quadrant was July 2012.

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## Market Overview

### What You Need to Know

E-commerce continues to experience strong growth, impacting industries beyond retail and in consumer-facing and business-facing commerce sites. As per Internet Retailer Magazine, U.S. e-commerce sales alone grew by 16.1% to \$194.3 billion in 2011 from \$167.3 billion in 2010. Retail continues as the largest segment, while branded manufacturing shows the fastest growth as companies create a direct-to-consumer presence. Mobile, social and a focus on customer analytics all contribute to e-commerce success, but also raise the complexity of an e-commerce initiative.

The rapid evolution of technology and changing customer expectations are impacting the customer experience. The B2C and B2B customer experience has already adapted to the demands of multichannel browsing and buying, wherein customers expect to be able to access search, shopping and support capabilities, regardless of their location (in-store or out of store) and endpoint device (laptop, tablet, mobile, kiosk, digital display or other).

E-commerce has often been associated with online retailing. However, this is not the only industry that is taking advantage of selling online (see "E-Commerce Has Spread Beyond Retail"). Many B2C and B2B industries are using the Web as a sales channel and, where possible, leveraging the knowledge and capabilities of each other's e-commerce customer experiences. B2B organizations are seeking to make their customer experiences more B2C-like, while B2C organizations are seeking to use B2B capabilities, such as product configuration, for their more complex product and service offerings.

Improving the customer experience can involve complex solutions that rely on factors well beyond the scope of the e-commerce infrastructure. The elements of a great e-commerce customer experience will vary for different industries — from advanced personalization, better search and navigation to order and fulfillment experience.

Major trends in e-commerce markets this year are:

1. E-commerce is moving beyond just an online selling channel to integrated platforms delivering a unified customer experience. Traditionally, most organizations have been investing in the online channels with the objective of driving additional sales. However, customers increasingly are expecting a seamless buying experience across all channels, and e-commerce is a critical part of this evolution since it is a point where other channels are integrating to synchronize the customer experience across channels.

Gartner is experiencing an increased number of client inquiries regarding integration between e-commerce and back-office systems like order management, inventory and product information management, as well as other systems impacting customer engagement like content management, digital marketing, pricing, customer service, loyalty management and POS. Organizations are looking to optimize their IT systems, and also to restructure their IT processes and people to support this transformation.

2. E-commerce has moved beyond retail. Consumerization and business model transformational trends are affecting all industries as more buyers expect retail-like online buying experiences, and as new, disruptive business models emerge.

Industry-specific issues, such as the movement of sales to the online channel and how fast that change is occurring, are influencing organizations' interest in e-commerce. Organizations in many industries are pursuing e-commerce initiatives to reduce the overall cost of sales as they move sales from store/branch/location, telephone or face-to-face models to online sales models. All types of organizations are launching new sites or upgrading their sites to include online sales capabilities that mimic consumer-based sales models. The sites include e-commerce transactional capabilities that help with B2B functions, such as ease of entry for large orders and repeat orders.

3. Organizations are focused on optimizing their e-commerce application portfolios, consolidating the B2B and B2C applications with a single underlying platform serving B2B and B2C customers' needs. Enterprises are critical in their evaluation and are increasing their preferences to shortlist platforms that can support B2B and B2C requirements. B2B e-commerce is beginning to resemble the B2C experience more closely, with business customers expecting a user experience with dynamic catalogs, recommendation engines and personalization similar to or better than what they are getting from their favorite consumer sites. Companies in high tech, industrial and manufacturing, business services, life sciences and financial services are creating e-commerce sites to replicate and, in some cases, replace a direct sales or indirect sales experience, and to provide their customers with a 24/7 online sales presence.
4. E-commerce is going global, with B2B and B2C organizations expanding into emerging markets. Enterprises are adopting multiple strategies, such as a single platform supporting multiple geographies to fully outsourced models for emerging markets. It is important for vendors to support multiple delivery models as their clients grow and expand into international markets. Globalization has shifted from just language-specific multisite, currency and taxation to localized data centers with the ability to deploy and support customer requirements in different markets.
5. Gartner's Nexus of Forces — mobile, social, information and cloud — is impacting the e-commerce market and transforming businesses. Customers' growing desires to interact through digital channels have reinvigorated interest in e-commerce, but the market for these technologies is complex, and how these technologies are leveraged determines an organization's success at delivering a great customer experience:

Support for mobile devices — including phones and tablets enabling customer engagement across the customer life cycle, from search, browse, buy and service — is no longer an option or differentiator for e-commerce vendors. Rather, mobile device support is expected and mandatory, and the only differentiator for vendors is the flexibility of the application to support the full range of capabilities and interactions, regardless of location or device endpoint. The next wave of requirements will be for a mobile application platform that can enable organizations to deliver a contextually aware e-commerce experience across all types of mobile browsers and devices, and to develop applications for the multiple mobile hardware operating systems. This mobile application platform will also enable the integration of payments and other CRM systems, such as loyalty management, to drive context-based offers, transactions and instant gratification on the go.

User organizations continue to evaluate and question investment levels for e-commerce technologies, and are choosing from among a robust range of capabilities provided by licensed on-site software solutions, hosted and SaaS solutions, and internally developed solutions. While cost and ROI continue to dominate the conversation, organizations are also looking for shorter implementation time frames, flexible and robust user interface capabilities, integration with back-end ERP, financial management, order management environments and minimal support requirements. SaaS and integration as a service are the predominant cloud-based solution delivery models in the e-commerce market. SMBs were early adopters of SaaS for e-commerce, largely due to limited capital budgets. Enterprises with e-commerce sales between \$10 million and \$100 million are also embracing SaaS e-commerce models. However, examples

of enterprises operating above that revenue range are less common. This could be because organizations find that SaaS vendors' pricing may not suit their current and future e-commerce sales volumes, and/or their desire to deliver a highly customized e-commerce user experience. However, SaaS and outsourcing options are finding increased traction internationally as larger enterprises expand into new markets. Organizations continue to witness challenges to availability SLAs by SaaS providers, with most vendors committing 99.5% and above while claiming to deliver above 99.8%. Also, clients should understand limitations to the amount of customization a SaaS provider will allow for individual customers. Most customers also find the governance mechanism for ongoing customization and change request to be challenging, with frequent delays and longer time to implement same.

Social commerce has enjoyed a lot of hype in the e-commerce market. However, some organizations have not realized online sales equal to the hype. Some organizations have had success with using social commerce to drive sales, but these sales came at a loss of margin because discounting and promotions were used to engage the customer. Very few organizations have been able to use social commerce as a way to drive full-price sales and to shape demand for new items. However, organizations are leveraging social media as a channel for ideation, building brand awareness, customer support and feedback. Over time, organizations will become better skilled at using social capabilities to build demand and drive full-price sales as they develop more expertise with social media.

Information (also known as big data) and analytics are evolving themes around organization. Although most organizations have basic reporting and analytics capabilities aligned with the online channel, they have yet to invest in an analytical framework that can provide strategic and tactical information across channels and functions. Organizations need to move beyond a single-channel view to a 360-degree view of the customer. However, some e-commerce vendors offer only basic analytical capabilities.

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