

## MarketScope for Sales Configuration, 3Q09

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The sales configuration market is evolving beyond core configuration capabilities. The focus is on supporting integrated sales business processes, such as opportunity to order with the larger vendors (Oracle, SAP and Sterling Commerce) and for niche vendors taking on this new challenge.

## WHAT YOU NEED TO KNOW

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Competition is intensifying in the sales configuration market, with vendors expanding functionality and tightening integration with other tools/products for sales business processes, such as configure to order or opportunity to order. Processes like these can involve proper configuration of products and/or services with dynamic pricing during the configuration, after which a handoff for quoting or proposal generation occurs. Best-of-breed vendors are growing their market shares through partnerships with salesforce.com, Microsoft CRM On Demand and Microsoft ERP offerings, and with best-of-breed functionality. ERP vendors (Oracle, Oracle-Siebel, Oracle-JD Edwards and SAP) and Sterling Commerce continue to focus on their installed bases for new sales and upgrades. Vendors utilizing new deployment models, such as software as a service (SaaS) and partnerships with SaaS sales force automation (SFA) providers are gaining new clients and prospects as the installed base of SaaS SFA users continues to grow.

As a result of continuing innovation of sales configuration products, new functionality has been added to these tools. Now available is functionality such as the configuration of upgrades to as-built/installed products or as subscribed services in the field and Web services integration to support end-to-end processes comprising integrated sales configuration, pricing, quoting, proposal generation and order entry.

Companies with advanced product or industry-specific ship-to-order (STO), assemble-to-order (ATO) and engineer-to-order (ETO) requirements should continue to evaluate best-of-breed vendors. Functionality gaps remain in the larger suite vendors' offerings, especially where heterogeneous ERP or CRM environments exist, or where industry-specific product requirements increase the complexity of the configuration process. However, a company's viability versus a product's functional strength and supplier mandates are key points of contention for buyers.

Organizations should not let mandates or size of vendor dictate their product selection. Selection of sales configuration technology involves several criteria, such as the model complexity and size of the enterprise; industry-specific configuration capabilities; operational models such as SaaS, hosted or on-premises software; CRM and ERP system integration support; and complexity of the sales process and many other factors.

An organization should choose a vendor based on its ability to improve the number of accurate configurations, shorten the sales process of configurations, and contribute to the overall shorter time for the configure, price and quotation process. Therefore, best-of-breed vendors should not be left out of an evaluation.

## MARKETSCOPE

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Gartner's MarketScope for Sales Configuration, 3Q09 provides guidance for enterprises seeking to purchase or subscribe to new systems, or to reassess and upgrade existing installations. The sales configuration market is being influenced by a broad range of trends:

- The sales configuration vendor market is divided between large vendors (such as Oracle, SAP and Sterling Commerce) and niche players that offer functionality specific to certain configuration challenges, such as ETO calculations or easy-to-use interfaces for non-IT users. Some niche vendors in this market have improved their customer satisfaction ratings by exceeding requirement expectations, achieving high levels of support and introducing new functionality. However, customers should continually review niche vendors to determine whether a product's functionality is more advanced than products from large vendors. Companies that have large investments in ERP solutions, but use a niche product, fit into this category. This large-vendor effect is

challenging the installed base and new deployments of niche vendors as organizations seek to standardize on an ERP vendor. However, best-of-breed vendors are still winning these accounts, not only with industry-specific product configuration capabilities, but also with support for configure, price and quote; or with proposal generation and integration SaaS SFA technology.

- The SaaS SFA market is having a significant influence on the sales configuration market, with more than half of the vendors partnering with salesforce.com (via AppExchange), Microsoft CRM On Demand and Oracle's Siebel CRM On Demand. This is increasing sales for SaaS/host-based sales configurators. Some industries still require disconnected and synchronized sales configuration, due to sales occurring in remote locations or sales personnel requirements of a disconnected tool. However, many organizations prefer to have their users connected, since new connectivity options such as mobile cellular connections have emerged as a way to keep the sales force connected to the enterprise. Because vendors are offering multiple deployment options (on-premises, hosted and SaaS), organizations must understand how each of these options will fit into their IT application portfolios.
- Base sales configuration functionality (that is, constraint-based product configuration engines) continues to commoditize, and many enterprises are on their third or fourth generation of sales configuration system deployments. Because of this, organizations are becoming interested in "as built," "as subscribed" or "as delivered" upgrade sales configurations due to their installed bases requiring product or service upgrades. This function enables an organization to take a client's product and/or service bundle as it was built, subscribed to or delivered, and perform a configuration of an upgrade to that installed/sold product and/or service.
- Sales configuration engines must be able to handle complex models with a large number of constraints. However, due to the general commoditization of configuration capabilities, such handling rules and constraints, organizations should turn their focus to the support and improvement of large sales processes, and the evaluation of the engine's capabilities.
- Due to the economy, organizations are focusing on business process improvements, and are evaluating how sales configurators fit into larger sales processes, such as configure to order or opportunity to order. Organizations influenced by this trend are assessing the Web services integration capabilities of these sales tools in particular business processes with capabilities outside of configuration — such as pricing, quoting, proposal and generation — as they seek to increase process efficiency.
- Organizations want user interfaces that are simple and intuitive to use, because end users want to create and manage configuration models and processes without additional IT support. These user interfaces should enable end users to find, update and create large sets of rules, constraints and products. At the same time, those who use the configurator in a sales environment should be able to easily create a final, configured sales order and visualize the product. In some cases, visualization requires integration with engineering computer-aided design tools, such as SolidWorks.
- Another emerging trend is dynamic pricing during the configuration process. Here, organizations seek to add components into a configuration, while having the current price of the item as they go through the configuration process. This enables a sales person to configure and price to a client's budget. The economy is driving this model where, in prior years, it was acceptable to configure a product/service and then send it to a pricing application to obtain the price of that individual configuration. Organizations

that do this (that is, configure and then price the process) are using a sequential process versus applying the dynamic iterative approach to meeting a client's request, and will begin to move toward a dynamic configure and price environment.

- The market is evolving with technology providers rebranding products around the previously mentioned trends. Three technology providers have rebranded their products since the last MarketScope for Sales Configuration, and one technology provider had a change in ownership leading to a company name change. This market will continue to remain active as all these trends continue to move the market forward.

## Market/Market Segment Description

Sales configurators reduce complexity and improve productivity by helping salespeople or customers in a self-serve environment match customer needs to unique products and service offerings. Sales configuration systems are used to configure STO, ATO and ETO products (see Note 1), as well as nonproduct information, such as pricing, discounts and customized financing plans (see Note 2).

## Inclusion and Exclusion Criteria

To be included in the 2009 sales configuration MarketScope, a vendor must meet the following criteria:

- A stand-alone sales configuration offering that is sold as a single product with a proven two-year track record of delivering production sales configuration systems to multiple clients
- Active market participation, including, but not exclusive to, inbound customer inquiries to Gartner by current customers, and an attempt to sell or market its product to new customers
- Cash position to fund at least one year of business operations at the current burn rate
- Provide sufficient professional services or partnerships to fulfill customer demand during the next six months

## Rating for Overall Market/Market Segment

### Overall Market Rating: Promising

Our outlook for investing in sales configuration technology continues to be Promising due to several factors:

- Twelve out of 13 vendor ratings were Promising or above.
- Client demand for sales configuration capabilities grew because of the down economy and organizations are seeking process efficiencies.
- Increasing use of SaaS SFA offerings is creating demand for SaaS-based sales configurators.
- Generally, larger enterprise suite vendors remove viability concerns, but their products tend to take longer to install and cost more. Smaller vendors tend to be more agile and to offer specialized functions or delivery models, but must compete against ERP vendor organizational mandates.

## Evaluation Criteria

**Table 1. Evaluation Criteria**

| Evaluation Criteria  | Comment  | Weighting |
|--|--|-----------|
| Overall Viability (Business Unit, Financial, Strategy, Organization) | Viability includes an assessment of the organization's overall financial health, the financial and practical success of the business unit or company, and the likelihood of the individual business unit or company to continue investing in the sales configuration product, to continue offering the product and to advance the state of the art in the organization's portfolio of products.  | high      |
| Customer Experience  | Relationships, partnerships, products and services/programs that enable clients to be successful with sales configuration systems. Specifically, this includes the ways that customers receive technical, implementation or account support. This can also include ancillary tools, customer support programs (and the quality thereof), the availability of user groups and service-level agreements. A key metric is successful live production deployments. | high      |
| Geographic Strategy  | The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographic regions outside the "home" or native geography, directly or through partners, channels and subsidiaries as appropriate for that geography and market.   | standard  |

| Evaluation Criteria | Comment   | Weighting |
|---------------------|---|-----------|
| Product/Service     | Core goods and services offered by the vendor that compete in/serve the sales configuration market. This includes current product/service capabilities, quality, sales configuration feature sets, skills, technology and architecture, whether offered natively or through OEM agreements/partnerships as articulated in the market definition and detailed in the subcriteria. Because of the emergence of price management software as a distinct market, a greater emphasis is placed on core product configuration capabilities that support all three manufacturing styles: STO, ATO and ETO. | standard  |

Source: Gartner (September 2009)

Figure 1. MarketScope for Sales Configuration, 3Q09

|                   | RATING          |         |           |          |                 |
|-------------------|-----------------|---------|-----------|----------|-----------------|
|                   | Strong Negative | Caution | Promising | Positive | Strong Positive |
| Access Commerce   |                 |         |           | x        |                 |
| BigMachines       |                 |         |           | x        |                 |
| Cincom            |                 |         |           | x        |                 |
| FPX               |                 |         | x         |          |                 |
| Infor             |                 | x       |           |          |                 |
| Oracle-EBS        |                 |         |           |          | x               |
| Oracle-JD Edwards |                 |         | x         |          |                 |
| Oracle-Siebel     |                 |         |           | x        |                 |
| SAP               |                 |         | x         |          |                 |
| Sterling Commerce |                 |         |           | x        |                 |
| Tacton Systems    |                 |         | x         |          |                 |
| TDCI              |                 |         | x         |          |                 |
| Webcom            |                 |         | x         |          |                 |

As of 29 September 2009

Source: Gartner (September 2009)

## Vendor Product/Service Analysis

### Access Commerce

Access Commerce continues to increase its customer base, with 24 new customers in the past 24 months. Access Commerce eConfigurator v.6.0 has been rebranded as Cameleon-edge Configurator and Cameleon-edge Designer. The Cameleon-edge Designer tool is used for

creation and administration of the configuration models and pricing, and provides a new "wizard like" tool that guides users through the creation of the model and provides best practices for model creation. The Cameleon-edge Configurator is a good fit for complex ATO- and ETO-related organizations, and organizations in the manufacturing vertical. Moreover, Access Commerce is moving into new verticals that require services to be configured. Access Commerce has verticalized its approach to the market by creating three industry teams for manufacturing, communication services providers and insurance. However, it has also signed customers in the software, media and content and entertainment industries.

Access Commerce made improvements to its user interface, enabling dynamic user-interface generation and out-of-the-box Ajax, Java applet or JavaServer Pages user interface. It added a hosted subscription deployment option that enables customers to choose between a traditional license and a hosted deployment. It supports connected and disconnected modes of configuration.

Access Commerce is a salesforce.com AppExchange partner and is selling Cameleon EasyQuote on salesforce.com's AppExchange. Capabilities that Cameleon EasyQuote provides, include a product and service configurator, an advanced quotation spreadsheet, a catalog search, a pricing and promotion application and proposal-generation capability.

We rate Access Commerce Cameleon-edge Configurator as Positive because of its growing customer base, intuitive user interface, hosted and licensed offering, support of dual modes (connected and disconnected) of configuration, and integration into its e-commerce offering. However, Gartner believes that Access Commerce is not well-known for its sales configurator product.

Access Commerce's headquarters is in Skokie, Illinois, and its primary European office is in Toulouse, France.

*Rating: Positive*

## **BigMachines**

In 2009, BigMachines rebranded its Lean Front-End (LFE) product as BigMachines 9. The new product names are BigMachines Sales Engine, which is for direct sales; BigMachines Channel Sales Engine for partner self-service-based selling; and BigMachines eCommerce Engine, which is for customer direct self-service selling.

The BigMachines Admin Platform defines the tool's user interface, product data, rules and constraints for all sales engines. Integration to Web stores, CRM and ERP solutions is done via Web services by using BigMachines' integration platform. BigMachines supports disconnected users through its BigMachines Unplugged offering, which enables field sales personnel to configure a solution without an Internet connection. New to BigMachines 9 is BigMachines Document Engine, which enables a Google Docs-like building of proposals and other sales documents via a what-you-see-is-what-you-get (WYSIWYG) user interface.

BigMachines continues to be particularly strong in specific manufacturing subsegments (such as fluid handling; compressed air, oil and gas field machinery; material handling; medical instrumentation; imaging; and networking equipment). BigMachines LFE and BigMachines 9 are deployed through a SaaS model, and do not have an on-premises version, although it enables clients to host BigMachines' Web application in-house, with the vendor delivering the managed services at the client site. BigMachines continues to add customers to its installed base, with a strong focus toward those with on-demand SFA offerings, such as salesforce.com and Oracle's Siebel CRM On Demand. BigMachines is expanding its customer base in its established verticals (such as industrial manufacturers and high tech) and in new verticals (such as software and

business service companies and financial services). BigMachines provides compelling packaged functionality for industrial product manufacturers, instruments and high tech, and medical equipment by providing technology to support ATO and ETO manufacturing processes. BigMachines 9, 9.1 and 9.2 are new, with more than 65% of the live customers on these versions. However, there are customers still on versions 8.2 or lower. Therefore, we recommend that users of BigMachines LFE move to v.9 to gain the advantage of new capabilities such as the document engine.

BigMachines is rated Positive because it increased its customer base (up 50% to more than 170 accounts at the time of this analysis) and is winning new deals (48 new wins during the past 12 months). However, BigMachines needs to continue its growth into new vertical markets.

BigMachines is headquartered in Deerfield, Illinois, and has offices in San Mateo, California, and Frankfurt, Germany, and a new office in London.

*Rating: Positive*

## **Cincom**

Cincom has rebranded its products under the name Acquire, and, as a result, Cincom Sales Configurator has changed its name to Cincom Acquire Sales and Product Configurator (SPC). SPC is sold via one of the following options:

- Perpetual license, where the initial license purchase is based on site, user and CPU metrics
- Subscription, where a portion of a perpetual license is prorated over three years
- Enterprise where an organization has unlimited deployment based on agreed-upon, value-based metrics in advance
- SaaS, where there is an initial setup charge plus a subscription fee that is user-based

Cincom Acquire SPC offers a connected and disconnected mode for sales configuration, provides a good solution for ETO manufacturing styles, and has an intuitive maintenance environment for developing and managing product configuration rules for all manufacturing styles. Cincom is good for ETO due to its flexibility to handle calculations in the configuration process, and for its ability to manage rules and outcomes through an intuitive user interface.

Cincom has a dual approach toward managing business rules, and locations where data models are stored and managed. The original Socrates product is the main product for clients. It enables product experts to create and deploy advanced guided selling and product configuration applications for Web or Microsoft Windows deployment. The new Guru rules product integrates with .NET Visual Studio, enabling Web and application developers to create and deploy composite applications for guided selling and product configuration.

Cincom has expanded its sales strategy to include channel sales via partnerships with salesforce.com, Microsoft Dynamics CRM and Microsoft Dynamics AX, despite offering its own ERP solution. Cincom has deployed its sales configurator with third-party ERP systems, such as SAP, and is a certified SAP partner. Cincom has added 16 customers to its Cincom Sales Configurator (Acquire) installed base, and customers have found that Cincom provides quality support and implementation services. Cincom also has added new products to this portfolio:

- Acquire Enterprise Sales Portal (ESP) is a collaborative selling capability that integrates with Microsoft Office SharePoint Server to automate complex, team selling and fulfillment. This product is targeted at organizations that create SharePoint sites for



complex, client engineers to order sales engagements where team collaboration is required to complete the sale.

- Cincom Data Services enables integration of Acquire SPC with SAP, salesforce.com, Microsoft Dynamics CRM and Microsoft Dynamics AX applications.

We rate Cincom as Positive because of its support for dual sales modes (connected and disconnected), an intuitive user interface, and support of ETO calculations.

Cincom's biggest obstacle will be increasing its market awareness and presence across all market sectors. Manufacturing companies, especially those with ETO requirements, should consider Cincom.

Cincom is headquartered in Cincinnati, Ohio, with four other U.S. offices, and offices in North America, Europe and Asia.

*Rating: Positive*

## **FPX**

FPX (formerly Firepond) underwent significant improvements in the last year, changing its status from a publicly traded entity to a privately held company after being publicly traded for more than two years. On 23 February 2009, Firepond announced that FPX (an affiliate of Texas-based Acclaim Financial Group) acquired all of Firepond's assets and appointed a new chairman and CEO — Audrey Spangenberg. The company was also renamed FPX. This acquisition provided an injection of much-needed cash to eliminate all the company's debt and provided a necessary change in leadership. Additionally, in January 2006, Firepond changed its offering to a SaaS solution for sales configuration/pricing/quoting.

FPX recently launched a new offering — Configuration & Pricing as a Service (CPaaS). CPaaS enables organizations to build Web-services-based applications that are integrated with FPX's CPQ configurator for modeling a company's products and pricing.

FPX partners with salesforce.com, and is available via salesforce.com's marketplace Force.com AppExchange and remains a key channel for sales. FPX has added several new consultancy partners since Gartner published the last MarketScope for Sales Configuration. FPX's CPQ OnDemand v.5.5 acquired 12 new CPQ OnDemand customers in 2008, based on the product's capabilities, even as the company was restructuring.

We rate FPX as Promising because of its new management, cash position, and the pricing and ease of use of its solution. FPX customers like the user interface, configuration engine, quoting and proposal generation, which they find easy to use and flexible at meeting business process requirements, and most of all, customer like the pricing.

FPX is a Texas Limited Liability Company headquartered in Mankato, Minnesota, and has offices in Dallas and Marshall, Texas.

*Rating: Promising*

## **Infor**

Infor is developing its new Infor Advanced Configuration that is based on its E-Configuration Enterprise (ECE). Currently, there is no public timeline for the release, but improvements to the product include improvements and standardization of the user interface and experience, the adoption of a service-oriented architecture, as well as support of modeling for configurations.

Prior to this, Infor offered a set of product configurators. The Infor CRM Epiphany customers using Infor Configuration 6.0 SP3 product (purchased from Baan and upgraded to SP3) and then combined with the Infor CRM Epiphany offering which became Infor ECE. The other is TDCI, an Infor OEM agreement whereby Infor will provide TDCI's BuyDesign Configurator as an integrated component of Infor ERP SyteLine.

We rate Infor as Caution due to its new Infor Advanced Configuration product not being generally available and for not having live customer references and its dual configuration approach with TDCI. Additionally, we recommend that Infor Configuration SP3 product customers prepare to migrate up to the new Infor Advanced Configuration product or off the Infor Configuration SP3 product to one of the best-of-breed products. Users of Infor ERP SyteLine can use the TDCI solution and do not need to wait for the new Advanced Configuration product.

Infor's headquarters is in Alpharetta, Georgia.

*Rating: Caution*

## **Oracle-EBS**

A large part of the Oracle Configurator installed base is on v.11i10; however, some accounts are live on the R12 release. The product now has a special interest group, with more than 650 members using Oracle Configurator. Oracle Configurator 11i10 and R12 offer integration with other Oracle applications (such as manufacturing) and have demonstrated an easy-to-use rule maintenance environment. Oracle has demonstrated its ability to solve simple and complex configuration (STO, ATO and ETO) problems. It has a large support team worldwide, as well as a strong list of service partners. Oracle is very strong in four vertical markets: high tech, industrial manufacturing, communications and professional services.

Oracle Configurator is the basis for Oracle Fusion's configuration technology. The Fusion Configurator Engine is 100% Java and tightly integrated in Oracle's Fusion technology to provide enhanced memory management for improved performance. It also enables partial configurations to be completed automatically, and offers improved search heuristics. The Siebel CRM Integration Pack for Oracle E-Business Suite (EBS) Order Management integrates Oracle Configurator with Siebel Order Capture via the Oracle Application Integration Architecture (AIA). AIA enables integration not only between Siebel CRM 7.8 or 8.0 with EBS 11i10, but also between Siebel CRM 8.0 and EBS R12.1. Integration is available between PeopleSoft CRM and Oracle Configurator R12. New to EBS 11.5.10 is improved model management enabling the routing of model requests to specific midtier servers to improve performance. New with the R12 release are capabilities such as Java ServerPages (JSP) Tag Library that can be used to embed model data content directly into JSP.

Oracle Configurator can be accessed in a wireless environment, but does not support a disconnected laptop running stand-alone.

We rate Oracle a Strong Positive because of its sales momentum; rule maintenance environment; ability to support STO, ATO and ETO configurations; use in a large number of vertical industries; and automatic completion of partial configurations.

Oracle is headquartered in Redwood Shores, California, and has offices in the Americas; Europe, the Middle East and Africa (EMEA); and the Asia/Pacific region.

*Rating: Strong Positive*

Note: Oracle is offering its customers one of three sales configurator products based on the CRM or ERP products they have installed (Oracle, Oracle-Siebel and Oracle-JD Edwards) at the

customer's site. The Oracle EBS, JD Edwards and Siebel configurator products have been rated separately from each other in this research.

## **Oracle-JD Edwards**

Oracle's JD Edwards EnterpriseOne Configurator v.8.12 supports connected and disconnected modes (via mobile sales), and can dynamically change the bill of materials during the configuration process. The product is available via hosted or on-premises software licensing, and is only for JD Edwards EnterpriseOne users. Customers currently deployed on this product, or future EnterpriseOne customers, should consider this product because of the deep integration with the JD Edwards EnterpriseOne ERP system. JD Edwards EnterpriseOne 9.0 was released in September 2008. At the time of our review (2Q09), there were customers in the process of implementing the 9.0 product but no one was yet live in production and available for reference. However, we spoke with one reference that was migrating to 9.0 and stated that the configurator has key features that lead to the company's overall JD Edwards EnterpriseOne decision.

By releasing JD Edwards EnterpriseOne 9.0, with enhancements to the Configurator product, Oracle has demonstrated that it remains committed to providing the JD Edwards EnterpriseOne Configurator and will not swap it out for the Oracle or Siebel Configurators. The JD Edwards EnterpriseOne offering continues to meet the inclusion criteria of this MarketScope and is actively sold to a different user base than Oracle's EBS configurator product. The Siebel configurator product has been rated separately from the other products.

Oracle JD Edwards EnterpriseOne Configurator v.8.12 is rated as Promising because the product supports a connected and disconnected mode (via mobile sales), multiple languages and currencies, and provides deep integration to JD Edwards EnterpriseOne ERP.

Oracle is headquartered in Redwood Shores, California, and has offices in the Americas, EMEA and the Asia/Pacific region.

*Rating: Promising*

## **Oracle-Siebel**

Oracle-Siebel is rated as Positive because the Oracle-Siebel sales configuration solution has comprehensive functionality, such as product attribute and classification, procedural rule support, configurator user interface themes, eligibility, compatibility, upsell/cross-sell messaging, promotions and external rule validation. Siebel Systems' Configurator is integrated with the rest of Siebel's CRM applications. It supports connected and mobile-disconnected environments.

Communications, utilities, media, high tech, manufacturing, and financial services customers with heterogeneous deployments or SAP in the back office should continue to use the Siebel Configurator. Users implementing Siebel CRM capabilities, including quote and order management, will find Siebel sales configuration solutions a better option for this environment. Oracle-Siebel is beginning to deliver AIA process integration packs (PIPs). These AIA PIPs enable organizations to support larger business processes, such as opportunity to quote or order to cash, rather than just the configuration of a product or services.

The largest portion of the Siebel customer installed base is live on v.7.8, and the installed base is almost balanced between EMEA and the Americas. The vertical markets using Siebel Configurator functionality v.7.8 are communications media and utilities, manufacturing, and high tech. Oracle released Siebel CRM 8.1.1 since our last MarketScope, and will continue to release new versions and maintenance fixes after Siebel CRM 8.1.1. Additional capabilities delivered in the latest release, Siebel CRM 8.1.1, include improvements to the self-service user interface

(such as a new grid-based user interface), administration enhancements (such as configurator debugging) and other enhancements.

Oracle is headquartered in Redwood Shores, California, and has offices in the Americas, EMEA and the Asia/Pacific region.

*Rating: Positive*

## **SAP**

SAP continues to move forward with its strategic direction of making Internet Pricing and Configurator (IPC) the standard sales configurator for SAP CRM and SAP Business Suite. Historically, SAP has had two configurators: the Variant Configurator (VC), which is the R/3 configurator, while IPC is the newer solution that was introduced as part of SAP CRM 2005. SAP continues to support VC, and integrations between VC and IPC.

SAP's IPC has gained an improved user interface from SAP CRM 2007. User interface enhancements, such as the drag-and-drop placement on a screen, enable users to personalize their desktops.

SAP improved its integration with SAP ERP for quotation and order processing, which enables organizations to focus on the lead-to-cash sales process.

The SAP configurator supports constraint-based configuration and has added modify, adds, changes and deletes (MACD) configuration processes for installed products requiring upgrades, as well as solution selling in which products and services are configured within one order through the configurator.

IPC also offers a wizard-like configuration process for the product and services within one session. This feature enables organizations to do solution selling, since products and services can be configured in a single session.

SAP is also ramping up Business Suite 7, which follows SAP CRM 2007. Business Suite 7 provides product modeling user interface designer, an external interface, and improvements to solution selling.

Customers cannot buy the IPC by itself, which is why we continue to see best-of-breed vendors in SAP accounts. Customers also need to support varying levels of integration between various versions of IPC, VC and ERP; therefore, customers should minimize highly customized integrations, because they will face migration challenges when upgrades are required in other solutions, such as CRM or ERP. Other integration issues exist for VC customers that have used advanced business application programming (ABAP) code for customization. These customers will experience migration issues unless they are willing to upgrade to SAP ERP 2005 or later to take advantage of the embedded IPC version. Many customers are running IPC and VC to complete a business process, due to the need to create a bill of materials for sales processes that then needs to explode the bill of materials further out in VC for execution by the ERP back end.

SAP maintains its Promising rating due to its dual-product approach. It likely will continue this dual-product approach until IPC becomes the sole product configurator for SAP ERP and CRM, and compatibility issues between the two are resolved. SAP could improve its rating when we see more market validation of this approach.

SAP's headquarters is in Walldorf, Germany, and it has offices in the Americas, EMEA and the Asia/Pacific region.

*Rating: Promising*

## Sterling Commerce

Sterling Configure, Price, Quote (CPQ) is part of a larger suite called Sterling Multi-Channel Selling. However, Sterling Commerce clients still running earlier versions (v.7.0) of Comergent Technologies' C3 Configurator will need to migrate to v.8.0 to gain the advantages of the Sterling Multi-Channel Selling product. Sterling has added 12 new customers since our last MarketScope. Sterling's customers like the simplicity of the maintenance environment for administering product configuration rules and ERP integration capabilities. Enterprises have found that Sterling provides a reliable architecture for managing product information, a good customer support organization and a scalable architecture. Moreover, Sterling Configurator handles complex sales configurations of all types, and customers like the tool's flexibility, administrative capabilities and the configurability of the solution, enabling end users to manage their product configuration models without IT support.

The product can be licensed on-premises or hosted. Sterling Commerce has a mutual referral partnership with RightNow Technologies. The partnership provides integration frameworks for customers between RightNow's service and the Sterling Multi-Channel Selling product. Customers looking for an integrated e-commerce suite or stand-alone sales configuration should consider Sterling Commerce.

We rate Sterling Commerce as Positive because of the complementary addition of other Sterling assets to support Internet sales with configuration and fulfillment capabilities, as well as Sterling's quoting and pricing capabilities.

Sterling Commerce's headquarters is in Dublin, Ohio, and it also has offices in the Americas, EMEA and the Asia/Pacific region.

*Rating: Positive*

## Tacton Systems

Tacton Systems offers three products for configuration and a quoting application that can be used with the configurator:

- The Tacton Configurator Server (TCserver) engine is a product configuration system that can be embedded into an application using standard application programming interfaces for online or offline use.
- The Tacton Configurator Studio (TCstudio) is a graphical maintenance tool used to define how components can be combined into solutions.
- The Tacton Configurator Nomad (TCnomad) is an offline, PC-based application running TCserver in a disconnected mode.
- The Tacton Configurator Site Application (TCsite) is a Web-based quote management application running Tacton Configurator Server.

Tacton Systems' simple-to-use environment for modeling product configuration rules and the ability to solve complex configuration queries for industrial businesses is appealing to its installed base.

Tacton has a three-pronged approach to sales: direct sales mainly in Sweden, the U.S., and Germany, co-selling with IBM WebSphere Commerce and Dassault Systemes ENOVIA Product Lifecycle Management (PLM), and through resellers of SolidWorks and other vendors in other regions.

This has helped Tacton's distribution capabilities. However, customers that are not in Tacton's direct sales regions or not using the co-sold applications may experience limited partner availability and will need to assume the responsibility for deployment.

Tacton has several North American customers that have successfully taken responsibility for their deployments with remote implementation services from Tacton in Europe. Tacton has added integration capabilities with salesforce.com since our last report, but is currently not part of the Force.com AppExchange vendor community.

Tacton's partnership and experience deploying with IBM WebSphere Commerce (v.5.4, v.5.6 and v.6.0) make it a good alternative for IBM WebSphere Commerce users with sales configuration requirements. Organizations that use SolidWorks 3D modeling or ENOVIA PLM as part of the sale process can also leverage integration with Tacton. Tacton has added new integrations with Exact Software (ERP) and Jeeves (ERP) enabling the configurator to work well with these ERP solutions.

We rate Tacton Systems as Promising for this market due to the ease of use in complex configurations, but mostly because its installed customers rate the company's product and customer support highly, despite Tacton's small size. Tacton added 27 named accounts in the past 12 months.

Tacton Systems' headquarters is in Stockholm, Sweden.

*Rating: Promising*

## **TDCI**

TDCI initially entered the sales configuration market through its MAC-PAC customer support and service business. The company's initial focus was to provide support and implementation capabilities for companies that had MAC-PAC, including the MAC-PAC Expert Configurator. TDCI launched the BuyDesign Configurator in 2004, and sells it to non-MAC-PAC accounts. The current release is 6.0 and is offered three ways: via an on-premises perpetual software license, a subscription or a hosted subscription. BuyDesign OnDemand is the hosted offering; however, the majority (more than 80%) of customers are running on-premises software, with the remainder using hosting. Gartner believes their subscription offering is still emerging in the market.

TDCI BuyDesign is sold directly to accounts, but is also embedded in several other ERP or CRM offerings. As of 1 January 2007, TDCI and Infor finalized an OEM agreement whereby Infor provides TDCI's BuyDesign Configurator as an integrated component of Infor ERP SyteLine, Infor ERP SX.enterprise and Infor eStorefront. However, BuyDesign is the embedded Configurator for Microsoft Dynamics NAV, and Microsoft Dynamics CRM and MAC-PAC XE; BuyDesign continues to be the embedded configurator for MAC-PAC XE ERP.

TDCI key vertical markets are building products, equipment, machinery, specialty vehicles and watercrafts. It recently has begun to grow in the medical instruments and devices market.

We gave TDCI a Promising rating because BuyDesign supports three deployment modes: online server, synchronized server and synchronized stand-alone (fully disconnected). BuyDesign has strong visualization capabilities — including the ability to generate dimensionally accurate 2-D drawings, 3-D models, and photo-realistic images at various points in the configuration.

TDCI's is in Columbus, Ohio.

*Rating: Promising*

## Webcom

Webcom's primary vertical focus is on industrial equipment (such as automation and controls), high tech (such as software and computers), manufacturing, energy, telephone companies and the media.

Webcom WebSource CPQ v.7 is offered on a per-user, per-month SaaS model, and a term or perpetual license model for on-premises. Approximately 90% of the installed base uses the SaaS offering. We rate Webcom as Promising because Webcom CPQ not only supports production configuration for new sales, but also supports the handling of add-on sales/upgrades to as-built/installed products. Moreover, Webcom WebSource CPQ v.7 offers new features such as partial order generation from master quotes, document generation via XML to Microsoft Word, offline synchronization of data and workflow triggers, product aliases, and quantity in bulk validation. Webcom delivers its SaaS clients updates and new features on a quarterly basis, while its licensed users (approximately 10% of the installed base) receive annual or "on request" upgrades.

Webcom is a salesforce.com's AppExchange-certified partner, as well as an Oracle On Demand-certified partner. Midsize or larger divisions of industrial manufacturing companies should consider Webcom.

Webcom's headquarters is in Milwaukee, Wisconsin, and it has offices in Amsterdam and the U.K., and sales agents in Australia, New Zealand and Japan.

*Rating: Promising*

## RECOMMENDED READING

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["Magic Quadrants and MarketScopes: How Gartner Evaluates Vendors Within a Market"](#)

### Note 1

#### Product-Based Sales Configuration

STO products have little variability other than a predetermined set of attributes, such as color and size. Some office equipment, household appliances and televisions fall into this classification. The role of a configurator is to match customer needs with the product attributes that best serve those needs. In many cases, this problem is solved by using a simple parametric search engine or relational-database technology.

ATO products are configurable offerings made up of standard components. They are configured based on customer needs and intercomponent attribute relationships (such as compatibility). Computers and telecommunications equipment fall into this classification. ATO configurators model products in terms of attributes whose values may be data-driven or formulaic. Formulas can represent simple weight calculations or product resource use (for example, equipment power consumption). ATO configuration engines dynamically create bills of materials for order fulfillment.

ETO products are configurable offerings that consist of standard and custom-engineered components. They have the same features as ATO products, but involve some level of engineering analysis to be configured. Commercial aircraft, power-generation equipment and heat exchangers fit into this classification. ETO configurators can model engineering processes, create complex bills of materials, generate engineering drawings and computer-aided design information, and resolve unpredictable spatial constraints.

## Note 2

### Non-Product-Based Sales Configuration

- Pricing configuration enables selling channels to deploy customized trade promotions and implement complex pricing and discounting strategies. It can provide competitive advantage through quick deployment of up-to-date pricing policies based on product, sales territory and customer information.
- Finance configuration enables selling channels to calculate financial justifications (for example, return on investment or life cycle costs), provide lease versus buy analysis, and generate customized financing plans.

### Vendors Added or Dropped

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.

### Gartner MarketScope Defined

Gartner's MarketScope provides specific guidance for users who are deploying, or have deployed, products or services. A Gartner MarketScope rating does not imply that the vendor meets all, few or none of the evaluation criteria. The Gartner MarketScope evaluation is based on a weighted evaluation of a vendor's products in comparison with the evaluation criteria. Consider Gartner's criteria as they apply to your specific requirements. Contact Gartner to discuss how this evaluation may affect your specific needs.

In the below table, the various ratings are defined:

#### MarketScope Rating Framework

##### Strong Positive

Is viewed as a provider of strategic products, services or solutions:

- *Customers:* Continue with planned investments.
- *Potential customers:* Consider this vendor a strong choice for strategic investments.

##### Positive

Demonstrates strength in specific areas, but execution in one or more areas may still be developing or inconsistent with other areas of performance:

- *Customers:* Continue planned investments.
- *Potential customers:* Consider this vendor a viable choice for strategic or tactical investments, while planning for known limitations.

##### Promising

Shows potential in specific areas; however, execution is inconsistent:



- *Customers:* Consider the short- and long-term impact of possible changes in status.
- *Potential customers:* Plan for and be aware of issues and opportunities related to the evolution and maturity of this vendor.

### Caution

Faces challenges in one or more areas.

- *Customers:* Understand challenges in relevant areas, and develop contingency plans based on risk tolerance and possible business impact.
- *Potential customers:* Account for the vendor's challenges as part of due diligence.

### Strong Negative

Has difficulty responding to problems in multiple areas.

- *Customers:* Execute risk mitigation plans and contingency options.
- *Potential customers:* Consider this vendor only for tactical investment with short-term, rapid payback.

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