



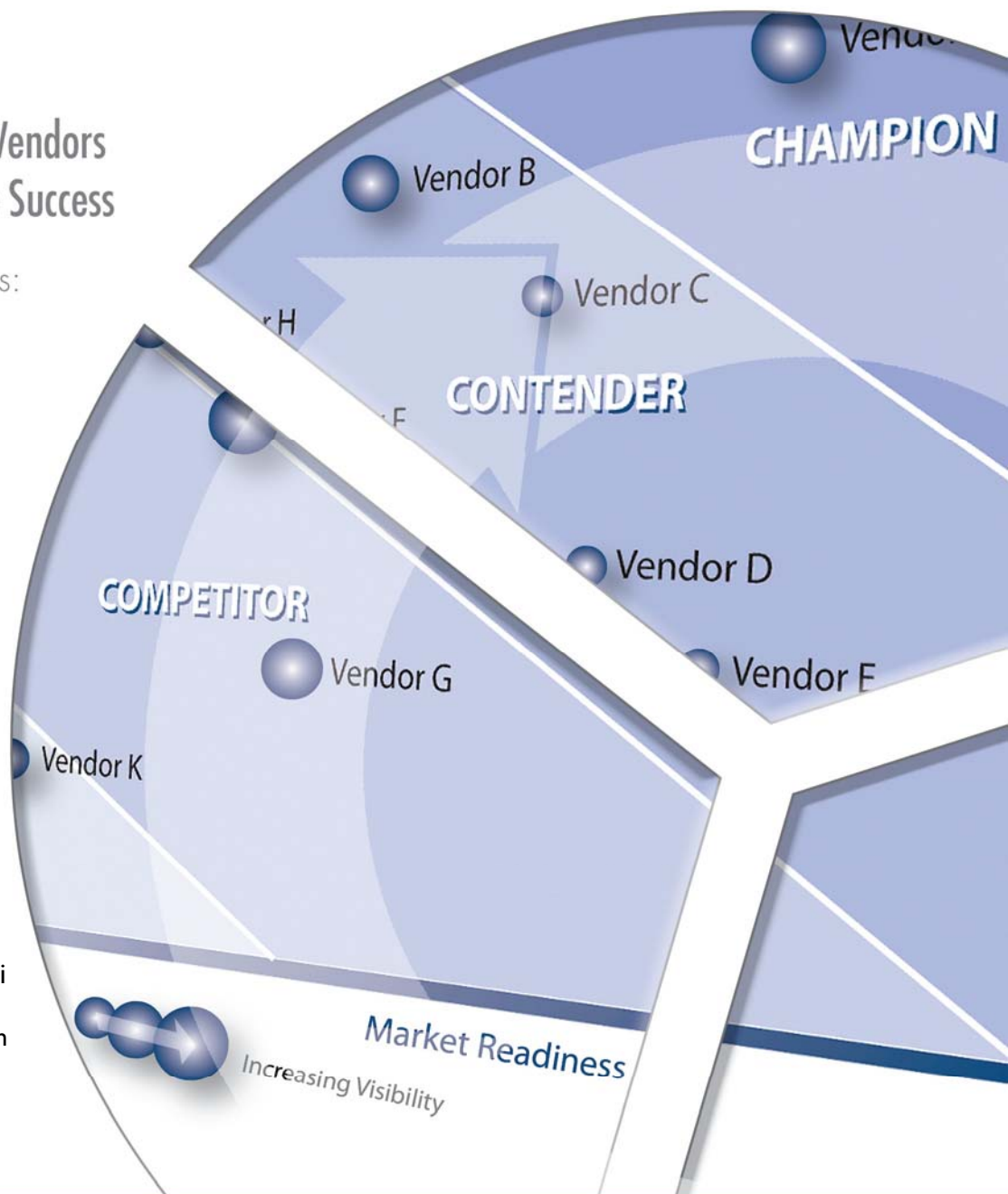
E-Payables AXIS

October, 2009

Discover the Best-in-Class Vendors Who Can Help You Achieve Success

The Aberdeen AXIS provides:

- Best-in-Class performance evaluations of vendors based on KPIs from Aberdeen's benchmark studies
- An assessment of each vendor's market readiness determined by over 250 evaluation criteria



Presented by: Andrew Bartolini
Vice President
Global Supply Management Research

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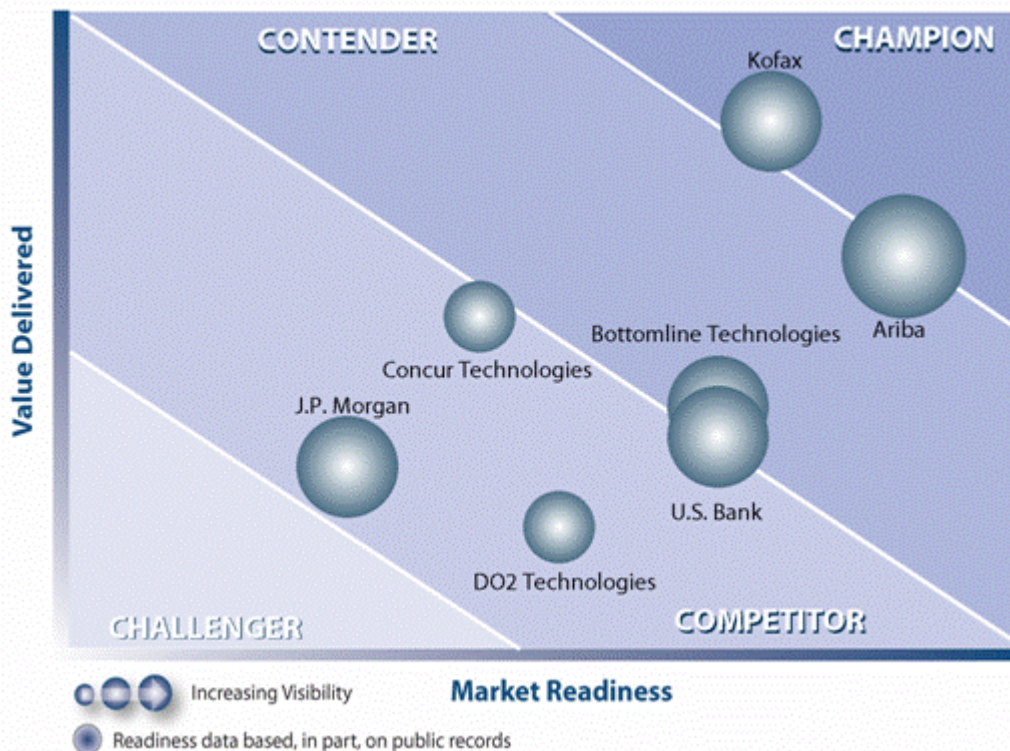
Executive Summary

Introduction

In the midst of the current global recession, finance and other enterprise executives have intensified their focus on cost containment and the optimization of working capital. The Accounts Payable (A/P) department is uniquely positioned to support these objectives. Unfortunately, the average A/P department lacks the automation, executive focus, and general business alignment needed to effectively do so. In fact, the manual, paper-based processes, in place in a majority of A/P departments, are eroding the bottom-line of large and mid-market enterprises to the order of millions of dollars each year. While A/P automation offers compelling transaction cost savings and other strategic benefits, only one-third of all enterprises have any significant level of automation in place. Opportunities abound.

This **E-Payables AXIS** report is intended to help facilitate an understanding of the current vendor landscape and guide enterprises in the selection of best-fit solution(s) to automate the accounts payable process. This is accomplished by assessing vendors from both a **Market Readiness** and a **Value Delivered** (to current customers) perspective. Aberdeen enhanced this analysis with a series of discussions with the top rated E-Payables vendors. Aberdeen's analysis found **Kofax, Ariba, Bottomline Technologies**, and **U.S. Bank PowerTrack** to be top scorers as displayed in the Axis below.

The E-Payables AXIS



Source: Aberdeen Group, October, 2009

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E-Payables

Aberdeen utilizes the term "e-payables" as an all-encompassing term to refer to the solutions that automate processes associated with the Accounts Payable (A/P) function. These processes include invoice receipt and handling, reconciliation and approvals, disbursement scheduling, settlement (including confirmation and reporting), and internal and external service support.

E-Payables AXIS - This AXIS report evaluates vendors that automate all or some part of the A/P process. Since the capabilities of vendors in this space can be highly divergent, Aberdeen presents the different kinds of solutions available in the marketplace and offers recommendations on the best approach to solution selection in the first two chapters of the report.

Chapter 1: Analyst Insights

Accounts Payable (A/P) is coming of age. Though paper persists as the format of choice for roughly **80% of all invoices**, and manual checks are used for approximately **60% of all payments**, over the past three years, Aberdeen has identified strong indications that major changes in this function are underway.

Building a Business Case for E-Payables

In the current A/P world, automation is critical to lowering costs and streamlining the sub-processes defined within Aberdeen's E-Payables Framework (Page 4.) Aberdeen research has consistently shown that the realized benefits from an effective e-payables (i.e. A/P automation) deployment include:

- Lower invoice (and payment) processing costs
- Faster invoice processing cycle times
- More early-pay discounts; fewer late payments
- Fewer payment errors, lower levels of fraud
- Superior process and data visibility
- Better staff efficiency

A/P Challenges and Impact

As enterprises evaluate their current A/P processes and adapt to the ever-changing scope of globalization and competitive market pressures, the impact of A/P deficiencies such as: a lack of (a) technology (b) centralization of oversight, and (c) visibility become readily apparent. All effect processes and performance across other key functions of the enterprise (Table 1).

Table 1: A/P's Impact on Enterprise Functions

Issue	Impact on Procurement	Impact on Treasury	Impact on Suppliers
Lack of visibility into transactions	<ul style="list-style-type: none"> ▪ Billing errors ▪ Overpayment ▪ Poor compliance rates ▪ Missed discount opportunities ▪ Failure to track supplier performance 	<ul style="list-style-type: none"> ▪ Unable to accurately predict flow of funds into / out of enterprise ▪ Limited ability to manage working capital levels to the advantage of the enterprise 	<ul style="list-style-type: none"> ▪ Duplicate billing / invoicing ▪ Missed or lost payments due to inability to account for specific transactions ▪ Poor performance ratings ▪ Frustration

Aberdeen AXIS

The purpose of the Aberdeen AXIS report is to present a relative assessment of the primary vendors in a given market to help simplify and/or accelerate the technology buying process for enterprises in the Global 2000.

A more detailed discussion of this process can be found in Chapter 3.

"A/P automation has increased hands-free processing, and put human focus on our most critical business functions (audit and compliance)."

~ Finance Manager, Large IT Services Firm

Issue	Impact on Procurement	Impact on Treasury	Impact on Suppliers
Manual and paper-based processes	<ul style="list-style-type: none"> ▪ Increased cycle times ▪ Higher processing costs 	<ul style="list-style-type: none"> ▪ Lower levels of liquidity because of higher processing costs 	<ul style="list-style-type: none"> ▪ Inability to track invoice processing status

Source: Aberdeen Group, September, 2009

If sub-optimal A/P performance can wreak havoc on other key functions across the enterprise, then A/P should no longer be pushed aside and hidden in the back-office. Action should be taken to update and automate the processes and tools utilized to more effectively leverage the cost savings and cycle-time benefits that can be realized from an automated, highly-functioning operation.

E-Payables Solutions

If the business case for A/P automation is relatively straightforward (i.e. cost savings per invoice, efficiencies, working capital impact, etc.), the vendor landscape is far from that. A major challenge for organizations making their case for A/P transformation rests in the myriad of approaches that can be taken to automate all or some part of the A/P process. The following is a description of the different solution types and Aberdeen's recommended approach to this complex marketplace:

- **Electronic invoicing** solutions automate the invoice reconciliation and payment process and address the majority of invoice types. Many of these solutions provide a one-to-many benefit of supplier enablement via a network of participants. As with the procurement solutions space, these solutions blur the line with offerings such as supplier networks and other supplier enablement initiatives, connecting enterprises to the supplier base in a virtual environment for transaction processing.
- **Workflow and imaging** solutions can manage all facets of in-house invoice scanning and documentation, as well as provide an effective electronic archival system. They are often part of a larger cross-functional enterprise solution.
- **Payment automation** platforms specialize in accounts payable and accounts receivable processing and offer capabilities in disbursements made for payroll, benefits, regulatory and tax issues, as well as intra-company transfers. These solutions range from Automated Clearing House (ACH) and general payment processing to holistic A/P solutions.
- **Enterprise financial** solutions, which manage the budget and general ledger of an enterprise, consist primarily of Enterprise Resource Planning (ERP) providers. They typically offer basic financial fare, such as a general ledger, however, more advanced capabilities like supply chain auto-reconciliation and A/P workflow are among the newer features incorporated into some solutions. While these solutions have helped move accounts payable automation forward, most offer limited electronic transaction capabilities beyond EDI.

Analyst Insight – Collaborate!

Internally: A/P leaders should work aggressively to bridge the process, communication, and general organizational gaps that exist between the A/P department and other parts of the enterprise. The benefits of a successful A/P department should extend to other functions and drive value across the enterprise.

Externally: A/P leaders should take a more collaborative approach in their engagement with suppliers. Leverage the experiences and preferences of key suppliers to drive greater adoption of solutions that can drive value for all parties.

- **Purchasing cards (p-cards)** were designed to streamline both the front (purchase) and back (payment and reconciliation) ends of the procure-to-pay process by introducing greater levels of control and visibility for management of low-dollar, high-volume categories. (Note that p-card solutions were not evaluated in this AXIS.)

Recommended Approach to A/P Transformation

Aberdeen research has shown that enterprises can successfully transform their A/P departments by developing efficient processes and mapping them to e-payables solutions. Aberdeen developed its E-Payables Framework to help A/P leaders define and then refine their sub-processes as they begin to consider making wholesale changes to their operations. For solution selection, Aberdeen recommends assessing the capabilities of prospective e-payables vendors across the four parts of this framework to help determine the optimal approach to transforming an A/P function with best-fit solution(s).

Aberdeen's E-Payables Framework

- **Invoice Receipt:** Invoice receipt may occur in any one of numerous paper or electronic formats – EDI, XML, or other file formats including credit card statements, evaluated receipt settlement, web-based order / invoice creation, or PO flip.
- **Approval and inquiry:** Once received, an invoice may be processed utilizing rule-based logic that analyzes certain invoice attributes (supplier, amount, buying entity, etc.) to define the proper routing and approval workflow. Notification and alert capabilities as well as direct integration to transactional systems are used to track invoice status and identify issues.
- **Validation and reconciliation:** The verification of invoice accuracy and the resolution of any errors, discrepancies, or disputes prior to payment are accomplished by automated matching engines, collaboration with suppliers and internal end-users, and integration to transactional systems. The information captured in this segment is used for audits (internal and external) as well as spend analysis.
- **Payment and settlement:** After the efficient capture, tracking, and approval of enterprise liabilities, the next step is payment processing, utilizing a payment method that may include wire transfer, ACH, card or supplier / trading networks. Capabilities like dynamic discounting, rebates, tax management, and trade financing are available in advanced solutions to optimize the management of cash flow.

Additionally, reporting and analytics, integration, and usability capabilities which influence deployment, adoption, and ultimately the Total Cost of Ownership (TCO) of the e-payables solution(s) selected should be included in the evaluative criteria. Finally, visibility (or sunlight) is the best disinfectant for poor performance. Aberdeen strongly recommends selecting solutions which provide enterprise-level visibility into both process and data.

Analyst Insight

Enterprises should diligently pursue conversations with other A/P managers who have implemented solutions and with specific vendors' customer references

The CFO's View of A/P

"A/P is a low priority compared to overall corporate objectives"

~ VP, Financial Services
Industry (U.S.)

"Our CFO fully supports the P2P department."

~ Manager, Large
Manufacturing Company
(Europe)

"The A/P Department is increasing its visibility and performance. Significant executive support is growing for a combined procurement and A/P relationship."

~ Manager, Large Retail
Company (U.S.)

"[They have] no real interaction with our CFO. Our department reports to the COO via a Director, Shared Services who also is responsible for Sourcing and Supply Management and Property Services."

~ Procurement Analyst,
Financial Services (Latin
America)

"Our CFO wants us to maximize cash flow by deferring payments."

~ Director, Large CPG
Company (U.S.)

Chapter 2: Recommendations

Despite strides made by A/P departments to drive value and improve how they are perceived, paper remains the format of choice for inbound invoices and payments. Accordingly, A/P operations continue to present one of the most compelling opportunities for improvement through process automation within the typical enterprise. Best-in-Class A/P departments, that hold a **84%** advantage in invoicing processing costs over their peers, credit e-payables solutions and a resolute focus on process improvement for their efficiency gains. While Best-in-Class enterprises have begun to realize the impact of their A/P transformations, significant work remains for the vast majority as most A/P departments continue to lack automation, executive focus, and general alignment with the larger enterprise.

As you begin to plot your course of A/P transformation, make sure to:

- **Utilize Aberdeen's E-Payables Framework to define A/P activities.** As a first step, the framework can be used to help A/P leaders define and refine their sub-processes as they begin to consider making wholesale changes to their operations. Once operations are defined and standardized, the framework can be used to help link all sub-process areas into a single, clearly-defined, and seamless workflow process.
- **Comprehensively define the goals and objectives** for this initiative and document a formal scope of the project. Is it global? Is it enterprise-wide? What processes are being automated? What is the timeline for deployment?
- **Engage key stakeholders** in the process to define your solution requirements:
 - Treasury and finance, to assess and / or validate the enterprise returns on a proactive working capital management program
 - Procurement, to ensure alignment with existing procurement technologies
 - IT, to help you develop a “portfolio” approach that seeks to optimize the usage of different platforms
 - Suppliers, to identify the necessary tools and training that will be needed, and to properly set expectations
- **Build a business case** that includes quantifiable benefits as well as some of the softer benefits like visibility. Include a TCO analysis in your solution selection process.
- **Agree on performance metrics and set ROI targets** based upon internal baseline (industry benchmarks may be an acceptable proxy)

Analyst Recommendation

Once you've automated the A/P process, **extend the visibility that the new solutions provide to the larger enterprise.** A/P activities impact other groups within the enterprise such as procurement, treasury and accounting. Procurement can use invoice details to audit contract compliance and determine if preferred suppliers were used. Treasury can benefit from understanding the cash ramifications of altering payment schedules or missing deadlines. Accounting can utilize accurate, timely A/P information to ensure financial reports accurately reflect the enterprise's position and provide clarity to stakeholders.

Chapter 3: How to Read the AXIS

Aberdeen AXIS provides an objective, fact-based vendor assessment that looks at the provider's history of *Value Delivered* (Y-axis) and its *Market Readiness* (X-axis). The results are based on relevant survey responses from hundreds of enterprise end-users responding to questions relating to their experiences with the respective solution or services. Vendors represented on the AXIS are illustrated by their performance against the various axes as well as the visibility they received from the market as part of the research.

Aberdeen's research is predicated on primary survey responses with follow-on telephone interviews. All responses are blinded and follow Aberdeen's published methodology. Data collected is reviewed and interpreted by the respective Aberdeen research team and draws upon information typically collected over the prior 12-month period.

Based on business-user survey responses from qualified candidates, vendors have been positioned in one of four categories in the Aberdeen AXIS chart:

- **Champion.** Vendor has demonstrated superior proficiency in delivering both real value as well as the ability to serve and support its installed user base.
- **Contender.** Vendor has consistently delivered on ensuring that users achieve a measurable value for their investment as well as the ability to continue to support and service its customers.
- **Competitor.** Vendor is progressing toward delivering a balance of value and service / support / sustainability. Additional opportunities remain to enhance the value realized by its customers as well as its ability to meet the ongoing needs of the market.
- **Challenger.** Vendor has achieved market visibility but has an opportunity to assist customers in achieving the value they're looking to realize from the investments made. Vendor readiness remains a concern.

Value Delivered (Y-axis)

The *Value Delivered* by a vendor is determined by the percentage of survey respondents using their solution that achieve Best-in-Class performance.

Over the past 12 months, Aberdeen has surveyed hundreds of end-user organizations on their use of BI reporting and analytics solutions. Aberdeen's research team analyzed the responses based on stated strategies, KPIs and business outcomes. Using Aberdeen's proprietary PACE™ methodology, end-users are placed into three performance maturity groups: the top 20% of performers are considered "Best-in-Class," the middle 50% are "Industry Average," and the bottom 30% are "Laggard." Survey respondents, as part of the process, identify the various products and services they have deployed. The aggregated performance of a

Aberdeen AXIS

The Aberdeen AXIS is an objective, fact-based vendor assessment methodology designed to assist organizations in making technology purchasing decisions.

The assessment is based on vendor performance in KPI benchmarks from Aberdeen's domain-specific research, and the *Market Readiness* of the organization as determined by over 250 evaluation criteria.

technology vendor's end-users, complemented by live interviews, determines the relative *Value Delivered* to the market.

Market Readiness (X-axis)

Market Readiness is a critical assessment of the technology vendor's current ability to serve the market based on over 250 objective assessment criteria.

Vendors are provided a standard questionnaire that seeks to thoroughly assess their ability to support their installed base, to bring new products to market, to serve the global community, and to sustain economic cycles, among other KPIs. The questionnaire is augmented by customer interviews and independent research to validate the findings. Vendor briefings may be conducted to provide additional clarification and insight. Each vendor's risk and reliability, strengths and challenges, historical performance, and future outlook are evaluated, and a weighted score is determined. The result is represented as a numerical outcome on the *AXIS* by way of *Market Readiness*. Solid circles on Table I represent vendors from which comprehensive data was made available for review and validation; reverse-shaded circles represent vendors from which response or available information (i.e., public records) was limited in scope.

Rather than project the suitability of a particular feature or function, the *AXIS* is a customer-centric view of the success organizations have had with various providers and the potential risk, or lack thereof, associated with the vendor's ability to meet their current and future obligations. These obligations include, but are not limited to, service, support, product updates and upgrades, staffing (e.g., customer service), and financial stability. Vendors falling into the Champion or Contender categories are logical partners for future projects. Those identified in the Competitor and Challenger areas are also strong potential suitors for consideration with additional investigation.

The goal of the *AXIS* is to provide the competitive intelligence business users require to make smart, informed decisions about their technology initiatives.

Research Methodology

Aberdeen applies a unique methodology to benchmark research that evaluates the business Pressures, Actions, Capabilities, and Enablers (**PACE**) that drive corporate performance.

The success of business strategies are determined by a Competitive Framework in which the top 20% of achievers are **Best-in-Class**, the middle 50% are **Industry Average**, and the bottom 30% are **Laggards**.

Companies that identify the most influential pressures and take the most effective actions are most likely to achieve superior performance. The vendors that help enterprises achieve this Best-in-Class performance are recognized in the Aberdeen *AXIS*.

Table 1: Aberdeen AXIS Vendor Breakdown for E-Payables

Company: Total Scores	Market Readiness	Value Delivered	Total Score
Kofax	36	63	99
Ariba	41	54	95
AVERAGE SCORE	31	48	79
Bottomline Technologies	34	44	78
U.S. Bank	34	42	76
Concur Technologies	25	50	75
J.P. Morgan	20	45	65
DO2 Technologies	28	36	64

Source: Aberdeen Group, October, 2009

Vendor Exclusion

Vendors may be excluded from the **AXIS** report for various reasons including:

1. Failure to achieve adequate market visibility within the context of Aberdeen's surveys
2. Failure to provide requisite *Market Readiness* information
3. Inability to validate *Market Readiness* information (i.e. customer interview responses are inconsistent with vendor representation)

While there are literally hundreds of technology companies that offer solutions that automate some aspect of the accounts payable process, (including dozens of document/content management companies), the E-Payables AXIS Report identifies the market leaders in the space (see Table 1 above). In the context of this report, the following companies were identified on the merits of their solutions, focus, viability, and capabilities but lacked sufficient market visibility within Aberdeen research for grid inclusion: **Metaviewer from Metafile, Basware, SciQuest, Readsoft, Puridiom, Esker Software, OBIO, Verian Technologies, DataCap, Anybill, iPayables, PurchasingNet, SunGard, Brainware, and Direct Insite.** These providers are discussed in Chapter 4.

Chapter 4: Vendor Snapshots

The vendor snapshots provide a high-level overview and insight into the vendors identified in this AXIS report. The review is based on primary research along with the analyst team insight drawn from vendor briefings and interactions with customers.

The vendors that score as **Champion**, **Contender**, and **Competitor** in this AXIS are the de facto market leaders in e-payables. While an investment in an e-payable solution(s) should reflect the strategy, budget, current state, and needs / requirements, among other aspects, of an accounts payable department, Aberdeen believes that the market leaders in this AXIS report warrant consideration by all large (revenues above \$1 Billion) and mid-size (revenues between \$50 million and \$1 Billion) enterprises seeking to automate some or all of their A/P processes. A discussion of the different vendors that earned a position on this year's AXIS Report is included in the sections to follow.

Kofax

Overview

Author's note: During the finalization of this report and well after the survey analysis had been completed, Kofax acquired 170 Systems in a deal that was announced on September 7, 2009. The companies had a long-standing partnership with many customers in common. The capabilities of each offering are described below.

Founded in Switzerland in 1991, but now headquartered in Irvine, California, Kofax plc. offers software and hardware solutions that help enterprises automate document-driven processes across a wide range of business functions including accounts payable. Within Aberdeen's E-Payables Framework, Kofax solutions are highly focused on automating the initial phase ("invoice receipt") of the A/P process with solution capabilities to capture and transform inbound invoices (that may be received in a variety of formats); initial matching capabilities are also available from Kofax solutions. 170 Systems solutions are focused on automating the "approval and inquiry" and "validation and reconciliation" portions of the A/P process with capabilities to automatically route invoice data images based upon any number of criteria (invoice amount, department, supplier, etc.). Additional solution capabilities include reporting and analytic functions and web-based partner collaboration via a supplier portal. Kofax solutions may be installed on-premise or packaged within the offering of another e-payables partner. 170 Systems' solutions are generally installed on-premise while a small percentage of customers utilize a third-party to host the solution(s).

Key

- Higher than average score
- In line with average score
- Lower than average score

AXIS Benchmark: Kofax

Market Readiness

Score: 36

Average Score: 31

Value Delivered

Score: 63

Average Score: 48

"Used in conjunction with centralization we have seen significant efficiency gains and now have a platform to implement other best practices that would not have been possible otherwise.

~ Vice President Finance
Insurance company

Current Kofax customer

Observations

Kofax was placed in the Champion Category of Aberdeen's 2009 E-Payables AXIS report with the highest overall score (99) of all vendors analyzed in this report. The Kofax score in this report represents the combined score Kofax and I70 Systems. Both companies placed in the Champion Category.

Kofax has been publicly-traded on the London Stock Exchange (LSE ticker: KFX) since 1996, reporting revenues of £185.8 million in its most recently reported fiscal year (ended June 30, 2009). With more than 10,000 customers, 1,100 employees, and 1,200 channel partners, Kofax scores well from a *Market Readiness* standpoint due to its mature and robust business capabilities that include a global reach and an ability to support offerings in 60 distinct countries. While Kofax's e-payables solutions (with approximately 300 customers) represent a smaller portion of the company's overall business, its solutions are focused on the most manual and cost-intensive component of the A/P process – invoice receipt – which contributes to its high *Value Delivered* score. Additionally, Kofax's ability to bring strong partners to the table when customers and prospects seek to automate the entire A/P process also contribute to its position on the AXIS.

As a Champion on the E-Payables AXIS, Kofax should be strongly considered by all A/P departments contemplating an A/P transformation / automation project. Several scenarios warrant special consideration for Kofax including:

- Enterprises seeking to automate the front-end invoice receipt
- Current Kofax customers who are only now beginning to focus on A/P
- Enterprises are working with Oracle back-end systems

"We have improved cost to process an invoice and our accuracy significantly. This will help us improve our relationships with the internal customer"

~ Director, Large Financial Institution

Current I70 Systems customer

Ariba

Overview

Founded in 1996 and headquartered in Sunnyvale, California, Ariba was one of the first companies to successfully offer an e-procurement solution and has since developed a solution footprint that extends across the entire source-to-settle process. Ariba has been publicly-traded on the NASDAQ Stock Market (Ticker: ARBA) since 1999, reporting revenues of \$328 million in its most recently reported fiscal year (ended September 30, 2008). With more than 1,000 customers and 1,800 employees, Ariba has a global presence and is an established leader in supply / spend management (i.e. technologies that support the procurement function) marketplace. Ariba's e-payables solutions leverage its Supplier Network to link suppliers, invoices, and payments to the A/P department and automate all aspects of Aberdeen's E-Payables Framework including "invoice receipt," "approval and inquiry," and "validation and reconciliation," while supporting "payment and settlement." Additional solution capabilities include reporting and analytic functions, web-based partner collaboration via a supplier portal, and

AXIS Benchmark:
Ariba

Market Readiness

Score: 41

Average Score: 31

Value Delivered

Score: 54

Average Score: 48

dynamic discount management and contract compliance capabilities via a complementary solution that are unique in the marketplace. Ariba has a network of financial services partners that provide supply chain financing (complementary services offered by partners) which help trading partners optimize their working capital and p-card integration. While Ariba's e-payables solutions may be installed on-premise, the vast majority of its e-payables users are Software as a Service (SaaS) customers. Several large banks are resellers of Ariba's e-payables solutions.

Observations

Ariba was placed in the Champion Category of Aberdeen's 2009 E-Payables AXIS report with the second highest overall score (95) and the highest Market Readiness score (41) of all vendors analyzed in this report.

In recent years, Ariba has invested time and resources to transform its solution suite from a traditional CD-based offering to one that is fully SaaS. Ariba scores well from a Market Readiness standpoint in part because of its focus on working capital optimization, one of the largest areas of opportunity within A/P, and the Ariba supplier network which counts more than 180,000 suppliers and 350 buying enterprises among its members. Ariba is one of the few e-payables vendors with an extensive in-house services organization that can support the deployment of its solutions and other customer process and business-related needs, contributing to its high Value Delivered score.

As a Champion on the E-Payables AXIS, Ariba should be strongly considered by all A/P departments contemplating an A/P transformation / automation project. Several scenarios warrant special consideration for Ariba including:

- Current Ariba customers, particularly its e-procurement ("Ariba Buyer") customers
- Enterprises looking to deploy on-demand e-payables solutions
- Enterprises with multiple, disparate back-end (i.e. ERP) systems

Bottomline Technologies

Overview

Founded in 1989 and headquartered in Portsmouth, New Hampshire, Bottomline Technologies offers a wide-range of payments, invoice, and document management solutions including those that automate the A/P process; it also sells check printing consumables. Bottomline has been publicly-traded on the NASDAQ Stock Market (Ticker: EPAY) since 1999, reporting revenues of \$138 million in its most recently reported fiscal year (ended June 30, 2009). Bottomline has more than 9,000 customers and 650 employees and its global reach is evidenced by its ability to write checks in more than 35 countries and process payments in more than 100. Bottomline specializes in delivering solutions that automate the final phase

"We are at 70% electronic payment, 96% electronic remit and 88% electronic invoicing. This has decreased the staffing needs in A/P by approx 5 FTE over the past eight years. This has saved in costs and increased supplier satisfaction in quicker and more efficient method of receiving payments."

~ P2P Director, Large Financial Institution

Current Ariba Customer

AXIS Benchmark: Bottomline Technologies

Market Readiness

Score: 34

Average Score: 31

Value Delivered

Score: 44

Average Score: 48

("payment and settlement") of the A/P process; it also has the capabilities to manage the other three phases ("invoice receipt," "approval and inquiry," and "validation and reconciliation") of Aberdeen's E-Payables Framework. Solution capabilities include advanced payment management with an ability to initiate payments from within the solution. Additionally the solution offers reporting and analytic functions including an ability to track cash balances, web-based partner collaboration via a supplier portal, and dynamic discount management. Bottomline's e-payables solutions may be installed on-premise, hosted, or deployed in SaaS format. Bottomline has a large number of resellers and some of its solutions are packaged within the offerings from other vendors as well as a few financial institutions.

Observations

Bottomline Technologies was placed in the Contender Category of Aberdeen's 2009 E-Payables AXIS report with the third highest overall score (**78**) of all vendors analyzed in this report.

Bottomline scores well from a *Market Readiness* standpoint due to its leadership position in electronic payments and its linkage to major financial institutions. To that end, Bottomline enhanced its capabilities by acquiring Bank of America's PayMode solution and payment network (and all support operations) in September, 2009. As part of the agreement, Bank of America will continue to sell the PayMode service to its customers. This announcement highlights the company's continued focus in extending the value, reach, and breadth of its e-payables solutions. It also symbolizes a large opportunity to improve its *Value Delivered* score in the future - as more of its traditional payments customers begin to utilize a wider range of its solutions, like the PayMode network and the invoice receipt and workflow solutions.

As a Contender on the E-Payables AXIS, Bottomline Technologies should be actively considered by all A/P departments contemplating an A/P transformation / automation project. Several scenarios warrant special consideration for Bottomline including:

- Enterprises seeking to automate their payments process
- Current Bottomline payments customers who are looking to extend automation capabilities into the earlier stages of the A/P process

U.S. Bank PowerTrack

Overview

U.S. Bank's (founded in 1863 and headquartered in Minneapolis, Minnesota, NYSE Ticker: USB) e-payables product, PowerTrack was established in 1998 and helps enterprises automate the accounts payable and accounts receivable functions as well as the payment processes for certain complex categories of spend. PowerTrack has more than 300 customers using its solutions in more than 20 different countries and payments in 14 currencies to thousands of the suppliers in its network located in more than 45

"We have reduced our cost from manual checks by 70%."

~ Finance Director, Global
Chemicals Company

Current Bottomline Customer

AXIS Benchmark:
U.S. Bank PowerTrack

Market Readiness

Score: 34

Average Score: 31

Value Delivered

Score: 42

Average Score: 48

countries. U.S. Bank PowerTrack automates all aspects of Aberdeen's E-Payables Framework including "invoice receipt," "approval and inquiry," and "validation and reconciliation" and specializes in delivering solutions that automate the final phase ("payment and settlement"). Solution capabilities leverage the U.S. Bank PowerTrack payment network (that can process all types of invoices) and include advanced payment management with built-in settlement capabilities as well as unique audit and processing capabilities for telecom, utility, and freight spend. Additionally the solutions offer reporting and analytic functions, web-based partner collaboration via its network, and trade finance options which are offered within the solution (dynamic discount management) or integrated with finance solutions offered by U.S. Bank. U.S. Bank PowerTrack's solutions are only available as a SaaS model.

Observations

PowerTrack was placed in the Contender Category of Aberdeen's 2009 E-Payables AXIS report with the fourth highest overall score (**76**) of all vendors analyzed in this report.

PowerTrack also scores well on *Market Readiness* due to its position within a larger financial institution and the strength of its platform. PowerTrack announced in July, 2009, the formation of Syncada, a new network that combines its PowerTrack payment network with Visa services. This joint venture with Visa will focus on partnering with financial institutions to use Syncada as the framework and support network to sell integrated invoice processing, financing, and payment services to their customers. The successful execution of this complex venture could significantly impact the overall payments market and improve PowerTrack's *Market Readiness* capabilities in the years to come.

As a Contender on the E-Payables AXIS, PowerTrack should be actively considered by all A/P departments contemplating an A/P transformation / automation project. Several scenarios warrant special consideration for PowerTrack including:

- Enterprises seeking to automate their payments process
- Enterprises looking to manage the payment process for complex categories like telecom, freight / logistics, and utilities as well as global trade payments

Concur Technologies

Overview

Concur has been publicly-traded on the NASDAQ Stock Market (Ticker: CNQR) since 1998, reporting revenues of \$215 million in its most recently reported fiscal year (ended September 30, 2008). Concur reported that it has more than 1,000 employees (located in North America and EMEA) and more than 9,000 total customers. Founded in 1993 and headquartered in Redmond, Washington, Concur Technologies was one of the first companies to successfully offer an online end-to-end travel booking and

"Our business case understated the benefits as we exceeded our year one targets in KPIs for processing invoices and making payments to vendors"

~ Finance executive, Global manufacturer

Current PowerTrack customer

AXIS Benchmark:
Concur Technologies

Market Readiness

Score: 25

Average Score: 31

Value Delivered

Score: 50

Average Score: 48

expense management solution. Concur's e-payables solutions automate the "invoice receipt," "approval and inquiry," and "validation and reconciliation" processes of Aberdeen's E-Payables Framework. Additional solution capabilities include reporting and analytic functions. Concur also partners with OB10 to automate the "invoice receipt" process and plans to offer its employee reimbursement solution to automate electronic payments. Concur's e-payables solutions are deployed in a SaaS model.

Observations

Concur was placed in the Competitor Category, just bordering the Contender Category of Aberdeen's 2009 E-Payables AXIS report with the fifth highest overall score (75) and the fourth highest *Value Delivered* score (50) of all vendors analyzed in this report.

Concur is a leader in the travel and expense management marketplace aided, in part, by its acquisition strategy (acquiring complementary technologies and rival companies), its powerful network of travel-related partners, and its overall product vision. One example of Concur's ability to impact the T&E marketplace is the recent \$250 million strategic investment that American Express made in Concur. Concur's e-payables business, by comparison, is small. The success that Concur has had developing and extending its solution footprint over the years contributed to its above average *Value Delivered* score. And its track record as a leading travel and expense management company holds significant promise for improvement in the area of *Market Readiness* as it continues to increase its focus on its e-payables solutions and business.

As a Competitor on the E-Payables AXIS, Concur should be considered by all A/P departments contemplating an A/P transformation / automation project. Several scenarios warrant special consideration for Concur including:

- Enterprises looking to deploy on-demand e-payables solutions
- Enterprises that include a focus on T&E expense management in their approach to A/P automation

J.P. Morgan Order-to-Pay

Overview

J.P. Morgan (one of the largest and oldest financial institutions in the U.S. NYSE Ticker: JPM) acquired Xign, an independent e-payables solution vendor based in Pleasanton, California, in May, 2007. J.P. Morgan's e-payables solutions (which are now packaged as the "Order-to-Pay" solutions) automate all aspects of Aberdeen's E-Payables Framework including "invoice receipt," "approval and inquiry," "validation and reconciliation," and "payment and settlement." Solution capabilities leverage its supplier network and include web-based partner collaboration via its network, and dynamic discount management. J.P. Morgan Order-to-Pay also offers commercial cards, check printing services and a host of trade

"Implementation of an electronic invoice and expense reporting system has had a large, positive impact on AP. We are currently looking to move to electronic payments."

~ A/P Staffer, Medical Services Firm

Current Concur Customer

AXIS Benchmark:
J.P. Morgan Order-to-Pay

Market Readiness

Score: 20

Average Score: 31

Value Delivered

Score: 45

Average Score: 48

financing and supply chain financing services. J.P. Morgan's solutions are only available in a SaaS model.

Observations

J.P. Morgan was placed in the Competitor Category of Aberdeen's 2009 E-Payables AXIS report with the sixth highest overall score (**76**) of all vendors analyzed in this report.

J.P. Morgan, one of the earliest providers of e-payables solutions (as independent company, Xign), reports a good customer base and expansive public and private supplier networks. J.P. Morgan and Xign developed a go-to-market partnership in 2003 that culminated in the 2007 acquisition. J.P. Morgan's Order-to-Pay group has the opportunity to show that it can continue to enhance its e-payables solutions and improve its *Market Readiness*, two areas that many technology companies which have been acquired by larger financial institutions find hard to achieve.

As a Competitor on the E-Payables AXIS, J.P. Morgan should be considered by all A/P departments contemplating an A/P transformation / automation project. Certain scenarios warrant special consideration for JP Morgan Xign including:

- JP Morgan's current treasury customers looking to automate accounts payable

DO2 Technologies

Overview

DO2 Technologies is the true upstart in this year's AXIS Report. Founded in 2000 and headquartered in Calgary, Canada, DO2 has a significant e-payables presence in the North American mining, oil, and energy marketplace, but is little known beyond it. DO2's e-payables solutions automate all aspects of Aberdeen's E-Payables Framework including "invoice receipt," "approval and inquiry," and "validation and reconciliation" while supporting "payment and settlement" via its supplier network. Additional solution capabilities include reporting and analytic functions and web-based partner collaboration via its supplier network, as well as dynamic discount management. In June, 2009, DO2 announced a marketing agreement with Wachovia Corporation to jointly market their supply chain finance solutions. DO2's e-payables solutions are deployed in the SaaS model.

Observations

DO2 was placed in the Competitor Category of Aberdeen's 2009 E-Payables AXIS report with the seventh highest overall score (**64**).

DO2 has taken a vertical focus in its approach to the marketplace, focusing on the mining / oil / energy sector which now accounts for more than 90% of its customers. DO2's supplier network has more than 11,000 suppliers and processed more than 5 million invoices last year. With strong success in

AXIS Benchmark:
DO2 Technologies

Market Readiness

Score: 28

Average Score: 31

Value Delivered

Score: 36

Average Score: 48

the oil and energy vertical, an open supplier network, and several notable supply chain finance partners, DO2 is poised to compete in new markets.

As a Competitor on the E-Payables AXIS, DO2 should be considered by all A/P departments contemplating an A/P transformation / automation project. Certain scenarios warrant special consideration for DO2 including:

- Enterprises in the Mining, Energy, Oil or Utility industries that are looking to automate the accounts payable process

Vendor Supplementary Discussion

While the accounts payable function supports a relatively straightforward series of activities - processing and paying supplier invoices and managing employee reimbursements - the technology ecosystem that has developed to serve the function's needs is anything but straightforward. In fact, the approaches that can be taken vary widely and have resulted in a vendor landscape with hundreds of companies that provide some level of automated solution to address the inefficiencies rife within the average A/P department. As discussed earlier in this chapter, the providers that scored in the Champion, Contender, and Competitor Categories of this E-Payables AXIS receive are Aberdeen's recommended vendors for enterprises looking to automate/transform their A/P department. There are, to be certain, other vendors that offer compelling e-payables solutions that can and do deliver value to their customers. While a detailed discussion of these vendors cannot be accommodated within this report, Aberdeen is able to highlight its supplementary list of e-payables vendors in the brief section to follow.

While this AXIS Report identifies the E-Payables market leaders, two providers that did not score on the AXIS warrant special mention - **Basware** and **Metafile**:

- With revenues of more than 86 million Euros in annual revenues and 1,200 customers, Finnish-based Basware is actually one of the largest global providers of e-payables solutions. Basware customers have not, as yet, generated a critical mass within the Aberdeen community. Its recent push into the North American market is likely to change that for future AXIS Reports. Basware warrants consideration from A/P departments seeking to automate any aspect of their function.
- Metafile, which introduced its Metaviewer product in 1986, may be one of the best-kept secrets in the e-payables realm. With a concentration in manufacturing, government, and healthcare, Metafile has more than 600 customers using its solutions within their A/P department and also warrants general consideration from A/P departments seeking to automate their function, especially those in manufacturing, government, and healthcare.

When e-procurement solutions were first marketed to the public, they were positioned as solutions that automated the "procure-to-pay" or P2P process. In reality, it was the requisition to order process that was automated while, the second "P," pay was a complete afterthought. A decade later, the ability to close the P2P loop by offering an e-payables solution has become near table stakes in the e-procurement realm. On that front, **SciQuest**, **Puridiom**, **Verian Technologies**, and **PurchasingNet**, four well-established e-procurement providers, each offer a viable e-payables solution. Given the value in closing the P2P loop, the e-payables solutions from these providers are a more than reasonable first choice for their current e-procurement customers and in many cases warrant consideration as a stand-alone option.

"While we do well in tactical execution, we need to focus on becoming more strategic by partnering with Procurement to become an end to end process."

~ Finance Manager, Large North American Retailer

When budgets do not allow for automation of the entire A/P process, enterprises tend to start their automation efforts with the inbound / receipt portion. **Esker Software**, **DataCap**, and **Brainware** offer document/content management solutions to inbound paper invoice problem and should be investigated for solution fit.

OBI0, with its e-invoicing network, offers a very-focused solution to help companies automate the receipt of their invoices. Its ability to “handle” any type of inbound invoice has helped it become one of the fastest growing providers in the e-payables market.

Finally, there are four other vendors that warrant consideration from enterprises evaluating e-payables solutions:

- **SunGard**, a well-run and well-regarded vendor offers a wide range of technology solutions. It is a leader in electronic payments and has extended its solution footprint to cover all aspects of A/P automation.
- **Readsoft**, is an established provider of solutions focused on automating the invoice receipt and associated workflows required for processing.
- **iPayables** has a legacy of strong partners and offers a robust solution that automates the full A/P process; prospective users should however gain a level of comfort with this small company’s ability to scale and support a global roll-out.
- **Anybill**, a company that began as a tax payment specialist, now offers solutions that automate invoice processing and a wide range of value-added complementary services.
- **Direct Insite**, a small, but long-standing company offers its competitive e-payables solutions in a SaaS model.

Aberdeen’s ongoing coverage of the e-payables marketplace will continue in the future. Please email the report author with any comments or questions related to this report.

Appendices

Aberdeen **AXIS** Methodology

About this Aberdeen *AXIS*

Focused on Aberdeen's E-Payables research, this *AXIS* Report is based on 990 respondents from nine benchmark studies conducted between March, 2007 and July, 2009. Interviews were conducted with the evaluated vendors over the same timeframe. Validation interviews were conducted with the vendors and their clients in 2009.

The Aberdeen *AXIS* Methodology

The Aberdeen *AXIS* is an objective and fact-based vendor assessment methodology designed to assist organizations in making technology purchasing decisions. The Aberdeen *AXIS* assesses vendors using two criteria: 1) Best-in-Class status (*Value Delivered*) based on key performance indicators drawn from Aberdeen's domain-specific body of primary fact-based research; and 2) *Market Readiness* of the vendor organization determined by over 250 evaluation criteria, including: vendor questionnaires, public records, vendor briefings and customer interviews.

- **Vendor selection.** Vendors appearing on an *AXIS* have been identified by Aberdeen and the marketplace as having a relevant solution.
- **Vendor omission.** Vendors may not appear on an *AXIS* for typically one of three primary reasons: 1) the vendor failed to supply requisite data for analysis; 2) the vendor failed to have sufficient market representation as part of the analysis (i.e. insufficient customers identified the vendor as a provider); or 3) the vendor's solution or service did not align with the particular *AXIS*.
- **Data collection.** Data for the Y-*AXIS* (*Value Delivered*) is extracted from relevant Aberdeen benchmark research reports published in the proceeding 12 months (typically). All of the benchmark reports are predicated on Aberdeen's *PACE* methodology, using primary field research in which end-users are polled via standardized survey. Information collected is analyzed using Aberdeen's formulaic approach to determining Best-in-Class performance. Data for the X-*AXIS* (*Market Readiness*) is a by-product of a vendor-fielded questionnaire containing over 200 key questions, public records, customer interviews and vendor briefings. A weighting algorithm, maintained in confidence to prevent response gaming, is applied to determine respective vendor scores.
- ***AXIS* recommendations.** The relative positions of the vendors on the *AXIS*, as well as the insight provided in the report, represent an assessment of the vendor score for *Market Readiness* and *Value Delivered*, interpreted via published methodology and analyst insight.

An Aberdeen *AXIS* is published once a year (typically) for each of the research practices covered by Aberdeen.

About Aberdeen

Since 1988, Aberdeen's research has been helping corporations worldwide become Best-in-Class. Having benchmarked the performance of more than 644,000 companies, Aberdeen is uniquely positioned to provide organizations with the facts that matter — the facts that enable companies to get ahead and drive results. That's why our research is relied on by more than 2.5 million readers in over 40 countries, 90% of the Fortune 1,000, and 93% of the Technology 500.

As a Harte-Hanks Company, Aberdeen plays a key role of putting content in context for the global direct and targeted marketing company. Aberdeen's analytical and independent view of the "customer optimization" process of Harte-Hanks (Information – Opportunity – Insight – Engagement – Interaction) extends the client value and accentuates the strategic role Harte-Hanks brings to the market.

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Further Reading

- [E-Payables Benchmark 2009: Accounts Payable Rising](#), September, 2009
- [The CFOs View of Accounts Payable: Cash is King](#), February 2009
- [The E-Payables Benchmark Series: A/P Strategies for Success](#), September 2008
- [E-Payables: Invoice Receipt and Workflow: Cut Invoice-Processing Costs and Time by Over 90%...Now](#), May 2009
- [E-Payables: Electronic Payments Reduce Your Payment-Processing Costs](#), July 2009
- For information on updates or publication schedules, please contact: AXIS@aberdeen.com.

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Authors: Andrew Bartolini, Vice President Global Supply Management, andrew.bartolini@aberdeen.com