Migration to cloud-based core financial management suites has dramatically increased as solutions offering equal or greater capabilities than on-premises become available. This report will help application leaders assess solutions for use cases specific to their organizations.

Key Findings

- The competitive environment for cloud core financial management suites has intensified since 2019. Solutions have become more robust and comprehensive, resulting in increased adoption in services-centric organizations, followed by product-centric counterparts. Some positions have changed since the 2019 edition of this Critical Capabilities report, due to client perceptions identified by the reference survey and client inquiries that support this research.

- Having a Leader rating in the companion Magic Quadrant does not necessarily make a vendor right for your business. It is important to select the most appropriate vendor and solution for your specific use cases to avoid compromising your success.

- Product functionality is the most important decision factor in cloud core financial management suite evaluations. A key task is to monitor vendor roadmaps for new important functionality, such as artificial intelligence (AI) and machine learning (ML) as well as expansion plans that may include subscription billing, account hub capabilities and real-time integration with financial planning and analysis tools.

Recommendations

Application leaders responsible for finance applications should:

- Use this document as a starting point for assessing the suitability of vendors in light of your use case(s) and critical capability criteria. This will help you determine the best fit for how your organization will use a cloud core financial management suite during the next five to eight years.
Eliminate from consideration vendors that do not meet key requirements, such as sufficient geographic presence and support for the country-specific demands of your planned deployment.

Assess each remaining vendor and solution further by checking references from your team’s professional network and those provided by the vendors.

Strategic Planning Assumptions
By 2024, 70% of all new midsize core financial management application projects, and 35% of large and global ones, will be cloud implementations.

By 2024, 80% of new artificial intelligence projects in the finance domain will be deployed using out-of-the-box functionality associated with financial business applications.

By 2023, 50% of enterprises will have implemented their cloud core financial management vendor’s financial planning and analysis solution rather than third-party solutions.

By 2023, 30% of organizations will leverage financial consolidation capabilities — including accounting hubs — within their cloud core financial management suites, reducing deployments of third-party tools.

What You Need to Know
Research for the market for cloud core financial management suites (defined in “Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises”) has been highly requested for the past four years. Consistent with the 2019 edition of this Critical Capabilities report, the use cases in the present document identify the primary segments within this broad market and focus on the cross-vertical (as opposed to vertical-specific) product capabilities of the vendors within these segments. This enables a finer-grained analysis of which vendors may be best suited to each use case.

Vendors that are described as Leaders in the Magic Quadrant do not necessarily have the highest-ranked solutions for every use case. Niche Players, for example, can do very well in certain use cases because they focus on certain sectors, rather than the wider market (which is why they are defined as Niche Players). This document should be used by application leaders who need to understand which solution best suits the size of their company or the size of a business unit within a large enterprise.

There are five important considerations that will enable application leaders to make the best use of this report:

1. The ratings by critical capability are mainly sourced from the survey of reference customers and Gartner client inquiries related to these specific vendor products conducted for the companion Magic Quadrant. Changes between the 2019 and 2020 ratings can be attributed mostly to
changes in the ratings achieved in the respective surveys and client inquiries, as well as vendors dropped due to their inability to meet current-year inclusion requirements.

2. The functionality considered by this 2020 Critical Capabilities report and the companion Magic Quadrant has been augmented to include subscription billing and revenue management (rolled into accounts receivable), and finance account hub and treasury and cash management (rolled into general ledger [GL] complex capabilities), as well as AI/ML support (rolled into functional areas by use case).

3. Support for languages, country-specific localizations and geographic presence is a “gating” factor in any evaluation of cloud core financial management applications. Vendors may not be suitable for deployment in some countries, regardless of where they rank in terms of product rating in any use case. It is not possible in the context of this Critical Capabilities report to account for the country-level suitability of every vendor in every use case. Application leaders should review the suitability of any vendor based on its geographic presence and support for the primary countries in which the cloud core financial management suite will be deployed.

4. Our five use cases cover all functional areas of cloud core financial management suites. Using the interactive version of this Critical Capabilities report will allow you to adjust critical capability weightings to achieve a closer match with your organization’s functional or vertical requirements.

5. Several vendors do not target all segments of this broad market, instead preferring to focus on particular types of organization. If, in Gartner’s opinion, a vendor is not appropriate for a specific use case, it is flagged as “not applicable” (N/A) in the use-case ratings.
Analysis

Critical Capabilities Use-Case Graphics

Figure 1. Vendors' Product Scores for Core Financials for Lower Midsize Enterprises Use Case

Product or Service Scores for Core Financials for Lower Midsize Enterprises

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td>Sage Intacct</td>
<td>4.61</td>
</tr>
<tr>
<td>Oracle (NetSuite)</td>
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<tr>
<td>Microsoft</td>
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<td>FinancialForce</td>
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<td>SAP</td>
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<td>Workday</td>
<td>3.74</td>
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<tr>
<td>Oracle (Oracle ERP Cloud)</td>
<td>3.62</td>
</tr>
</tbody>
</table>

As of 30 June 2020

Source: Gartner (July 2020)
Figure 2. Vendors' Product Scores for Core Financials for Upper Midsize Enterprises Use Case

Product or Service Scores for Core Financials for Upper Midsize Enterprises

<table>
<thead>
<tr>
<th>Vendor</th>
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</tr>
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<tbody>
<tr>
<td>Workday</td>
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<td>Oracle (Oracle ERP Cloud)</td>
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<td>3.96</td>
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<td>FinancialForce</td>
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</tbody>
</table>

As of 30 June 2020

Source: Gartner (July 2020)
## Figure 3. Vendors' Product Scores for Core Financials for Large Enterprises Use Case

### Product or Service Scores for Core Financials for Large Enterprises

<table>
<thead>
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<td>Oracle (NetSuite)</td>
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<tr>
<td>Sage Intacct</td>
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</tr>
</tbody>
</table>

As of 30 June 2020

Source: Gartner (July 2020)
Figure 4. Vendors' Product Scores for Global Enterprise Financial Backbone Use Case

Product or Service Scores for Global Enterprise Financial Backbone

<table>
<thead>
<tr>
<th>Product or Service</th>
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<tr>
<td>Oracle (Oracle ERP Cloud)</td>
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<td>SAP</td>
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<td>Sage Intacct</td>
<td>N/A</td>
</tr>
</tbody>
</table>

As of 30 June 2020

Source: Gartner (July 2020)
FinancialForce

FinancialForce improved its rating in all critical capabilities, with GL coding structures and processes, complex GL capabilities, and project accounting and billing rating highest. It also had above-average vendor reference ratings for configuration, deployment and integration. Its weakest ratings were in financial reporting and analytics and purchasing and accounts payable. Its highest score was in the lower midsize enterprises use case.

FinancialForce’s native Salesforce architecture makes this solution attractive to organizations already using Salesforce and its partners, due to the common look and feel, extensibility that includes a wide range of partner applications, and ease of integration. FinancialForce is optimized for project- and services-centric organizations.

Microsoft

Microsoft Dynamics 365 for Finance improved its vendor reference ratings in all critical capabilities, with GL coding structures and processes, fixed-asset accounting and AR rating highest. It had the highest rating for geographic coverage and above-average ratings for configuration, deployment and integration. Its weakest ratings were in purchasing and accounts payable, and complex GL capabilities. Microsoft is a viable candidate for all the use cases evaluated in this report. It scored
among the top three vendors in both the lower midsize enterprises and subsidiary/business unit finance systems use cases.

Microsoft Dynamics 365 for Finance is attractive to midsize and large organizations seeking a scalable, globally supported solution capable of supporting a broad set of industries that is backed by a large spectrum of ecosystem partners.

**Oracle (NetSuite)**

NetSuite improved its vendor reference ratings in complex GL capabilities, fixed-asset accounting, and financial analytics and reporting. NetSuite had above-average ratings in nearly every capability, scoring particularly well in GL coding structures and processes. While above average overall, project accounting and complex GL capabilities were its weakest ratings. NetSuite is a viable candidate for all use cases evaluated in this report. It had the top score among all vendors in the subsidiary/business unit finance systems use case where it supports a wide range of localizations. It also was among the top three vendors in both the lower midsize and upper midsize enterprises use cases.

While capable of scaling across the midmarket, NetSuite is being positioned by Oracle to appeal to organizations with less than $200 million in revenue per year. Depending on user requirements, NetSuite may be applicable for some larger enterprises or used as a global enterprise financial backbone, where it is one of five vendors capable of supporting that use case.

Consider NetSuite when seeking a mature midmarket cloud financial management solution capable of supporting global multinationals and operations with multiple subsidiaries.

**Oracle (Oracle ERP Cloud)**

Oracle ERP Cloud improved its vendor reference ratings in GL coding structures and processes, complex GL capabilities, AR, and financial analytics and reporting. Oracle had above-average ratings in nearly every capability, with particular strength in GL coding structures and processes, complex GL capabilities, purchasing and accounts payable, and geographic coverage. While above average overall, fixed-asset accounting, and project accounting and billing were its weakest ratings. Oracle ERP Cloud had the top score in the large enterprises and global enterprise financial backbone use cases. It also scored among the top three vendors in the upper midsize enterprises use case.

The overall strength of Oracle ERP Cloud as a cloud core financial management suite, coupled with its broad geographic coverage, means it is a credible solution for all upper midsize through global use cases evaluated in this Critical Capabilities report.

Consider this solution when seeking a mature, comprehensive, globally supported, enterprise-caliber solution capable of addressing the most complex workstreams.
Sage Intacct

Sage Intacct improved its rating in purchasing and accounts payable, usability, and geographic coverage. Its highest vendor reference ratings were for usability and GL coding structures and its weakest ratings were for fixed-asset accounting and geographic coverage. Sage Intacct had the top score in the lower midsize enterprises use case.

Although Sage Intacct primarily targets lower midsize organizations, its goal is to provide financial capabilities that scale with its clients as they grow, and its functionality ratings support this goal. Despite recent launches in both the U.K. (where Sage headquarters is located) and Australia, its limited presence outside North America and a lack of languages and localizations limit its suitability as a subsidiary/business unit and global enterprise backbone finance system.

Consider this vendor when seeking a lower midmarket, best-of-breed solution that can act as a hub for other third-party applications offering strong presence in North America and the U.K.

SAP

SAP S/4HANA Cloud maintained or improved its rating in every capability. Its highest vendor reference ratings were in geographic coverage and usability and its weakest ratings were in AR and configuration, deployment and integration. SAP has stated that recent investments have been made in subscription billing and revenue recognition capabilities that are now available in the most current releases. While applicable across most use cases, SAP S/4HANA Cloud scored among the top three vendors in the large enterprises, global enterprise financial backbone, and subsidiary/business unit finance system use cases.

SAP S/4HANA Cloud offers comprehensive localization capabilities and can be used for both global backbone and two-tier ERP deployments. With availability in both multitenant and single-tenant editions, Essential (MTE) and Extended (STE), S/4HANA Cloud can offer strong capabilities supporting both discrete manufacturing and services-centric organizations.

Consider SAP S/4HANA Cloud when seeking a global cloud financial management suite capable of addressing the most complex workstreams, evaluating the edition best aligned to your industry requirements.

Workday

Workday maintained or improved its rating in every capability. All its vendor reference ratings were above average with the exception of geographic coverage. Its highest rating was in usability, but capabilities in GL coding structures and processes and complex GL capabilities were also among the highest across the vendors evaluated. Geographic coverage was its weakest rating which may impact its suitability in some global enterprise and subsidiary/business unit finance system use cases. Workday had the highest score in the upper midsize enterprises use case and was among the top three vendors in both the large enterprises and global enterprise financial backbone use cases.

The majority of Workday’s customers are based in North America, but the vendor continues to grow its global footprint. Organizations based outside North America that are considering Workday need
to check its presence in their region, as well as its support for languages and localizations, before proceeding with an evaluation. Those using legacy, service-centric financial management applications should consider Workday when seeking a mature, comprehensive enterprise solution capable of addressing complex workstreams.

Context

This Critical Capabilities analysis differentiates the appropriateness of each vendor’s solution based on five use cases that represent the primary subsegments of the cloud core financial management suite market. Four of the use cases represent the different sizes and complexities of organizations adopting cloud core financial management suites (lower midsize, upper midsize, large and global). The fifth use case represents a specific deployment approach within larger organizations, where a cloud core financial management suite is used to support autonomous business units or independent subsidiaries that may fall outside wider deployment of a groupwide ERP solution (a two-tier ERP deployment).

Product/Service Class Definition

Cloud core financial management suites provide visibility into an enterprise’s financial position through automation and process support for any activity that has a financial impact.

Gartner defines core financial management suites as including:

- The core functional areas of GL including accounts payable, accounts receivable, subscription billing, revenue recognition, fixed assets, treasury and cash management, financial account hub and project accounting (including project costing and project billing). AI and ML are considered within each functional area, where available.

- Financial analytics and reporting capabilities, including the provision of financial information (such as profit and loss, and balance sheet), the ability to use FP&A as a real-time lens into core financial management; and the ability to provide financial information (such as key performance indicators [KPIs]) to managers and executives.

  Note: Excludes financial planning and analysis (see “Magic Quadrant for Cloud Financial Planning and Analysis Solutions” and “Critical Capabilities for Cloud Financial Planning and Analysis Solutions”) and financial close (see “Magic Quadrant for Cloud Financial Close Solutions” and “Critical Capabilities for Cloud Financial Close Solutions”).

- Basic indirect purchasing functionality (from creating a requisition through to purchase order processing and accounts payable invoice matching and payment), because many organizations — especially midsize organizations — need some basic procurement functionality as part of a core financial application’s deployment.

  Note: More sophisticated procurement and sourcing functionality is covered in “Magic Quadrant for Procure-to-Pay Suites,” “Magic Quadrant for Strategic Sourcing Application Suites” and “Critical Capabilities for Strategic Sourcing Application Suites.”
Vendors are evaluated in this research only on the capabilities of their cloud core financial management suites. However, most vendors do offer additional capabilities beyond these suites, and these should be evaluated based on an organization’s specific business needs. The additional use cases must be considered; to do so, organizations will most likely need to refer to other Magic Quadrants and Critical Capabilities.

Critical Capabilities Definition

**Lower Midsize Focus**
The vendor’s focus on the lower midsize market segment in terms of product capabilities, roadmap and segment needs.

**Configure/Deploy/Integrate**
How easily the vendor’s solution can be configured and deployed, and the ease with which it can be integrated with other applications (cloud and on-premises) outside the finance domain.

This capability is important because cloud core financial management suites typically need to be integrated with a wide range of applications as they are a “hub” system in the sense that many systems feed data into the GL. They will also need to link with other cloud and on-premises applications that may form part of a postmodern ERP strategy (such as HCM, travel expense management and procure-to-pay solutions). This capability is weighted higher for midsize organizations as they typically have fewer IT resources to support these activities than larger organizations.

**Accounts Receivable**
Ability to record accounting entries relating to customer invoices raised in external billing systems, process incoming cash, match cash to outstanding customer invoices, produce customer statements, and follow up on overdue invoices.

This capability focuses on the process of accounting for customer invoices (once they have been raised by an external billing system) and managing the collection of payments relating to these invoices. This capability does not include billing, invoice production/delivery or revenue recognition because those capabilities are highly specialized according to industry needs and are often provided by specialist solutions or custom development. Several of the vendors featured in this analysis offer these capabilities, but they were not included in their accounts receivable critical capability ratings.

**Financial Analytics and Reporting**
The quality of delivered inquiries, functionality of report writers, ability to provide high-quality financial information (such as profit and loss, and balance sheet), and the ability to provide financial information (such as KPIs) to managers and executives in dashboards.
This capability is important in all use cases. This is because data and information from the core financial management suite is used by managers and senior executives to understand and analyze the financial performance of legal entities, cost centers, products, projects and other data entities.

Note: This does not include budgeting and planning capabilities.

GL Coding Structures/Processes
Ability of the GL to define data entities at the account and transaction level and support hierarchical and multiledger analysis structures. Also covers journal entry and other processing functionality in the GL, and the ability to help manage and streamline period-end close.

The GL is the heart of any core financial management suite. Therefore, the flexibility of the system to enable users to define and manage financial data entities (such as company, account, cost center, project and more) is important to all user organizations. Also, all organizations need a GL system that enables quick and effective processing of data and that supports the month-end close.

Project Accounting/Costing/Billing
Ability to track project costs using a different structure from the GL (for example, a work breakdown structure), record inception-to-date costs, and pass accounting entries to the GL. Ability to perform project costing and bill for projects.

This capability is weighted as more important for midsize organizations because many are project-centric and will rely on the project accounting capabilities of their core financial management suite to support their needs. Large organizations are more likely to use specialist project and portfolio management or professional services automation solutions, so this capability is weighted lower in their use case.

Purchasing and Accounts Payable
Ability to raise requisitions against an online catalog, convert requisitions into purchase orders, and receive goods/services against purchase orders.

Also includes the ability to receive supplier invoices, match them to purchase order data and goods received notes, route around the organization for approval, and pay using a variety of methods.

All organizations need core AP and basic purchasing capabilities, and midsize organizations (and some large ones) will also expect their core financial management suites to provide reasonable procurement functionality to support indirect purchasing and purchasing of materials that may be used in projects. However, many larger and more complex organizations will perform some (or all) of their procurement capabilities in specialized procure-to-pay solutions, which is why this capability receives lower weightings in these use cases.
Usability

Overall usability of the system, including user interface, workflow and collaboration capabilities. This capability is particularly important for lower midsize organizations that have small IT teams and will not be able to invest in extensive user-training programs.

Fixed-Asset Accounting

Ability to record fixed assets, calculate all accounting entries associated with the acquisition of assets, depreciation and asset disposal, and manage physical location of assets.

Midsize organizations typically do not have complex needs for this capability as they do not have significant volumes of fixed assets, so they primarily only need an asset register with appropriate depreciation accounting. Large and global organizations need to manage larger volumes of assets and have more complex needs, including mass manipulation of assets that need to be grouped in various ways, plus support for a wider range of depreciation methods.

Complex GL Capabilities

Ability of the general ledger to support complex, multiple-entity accounting and reporting, intercompany processing and reconciliation, and to support complex allocations for overhead, costing and profitability analysis. This would include financial accounting hub, where applicable.

This capability is important to organizations with more complex requirements, and those that need to manage and report across multiple legal entities. These organizations frequently have inter- and intracompany processing needs that require automated offset entry creation and reconciliation capabilities to ensure appropriate entries have been made across all such entities. The finance system is often a key enterprise system in such organizations and is often used for internal management accounting and costing using inbuilt allocation capabilities.

Geographic Coverage

Number and scope of language translations and country-specific localizations provided by the vendor and/or partners. Vendors receive higher ratings for the languages and localizations they develop themselves, due to the research-and-development commitment required to support this.

Translations and localizations are important to large and global enterprises because their core financial management suites will have to deal with legal entities operating in multiple countries. This capability is also important where the solution is deployed in subsidiaries or business units, because in this use case organizations often want to deploy the same solution in multiple independent subsidiaries and/or business units around the globe. This capability analyzes the breadth of languages and localizations available, but it does not assess the suitability of any vendor for deployment in a particular country or region as this would need to be part of a wider evaluation.

Global Enterprise Focus

This capability assesses the focus of the vendor on the global enterprise market segment in terms of product capabilities, roadmap and segment needs.
Large Enterprise Focus
This capability assesses the focus of the vendor on the large enterprise market segment in terms of product capabilities, roadmap and segment needs.

Subsidiary/Business Unit Focus
This capability assesses the focus of the vendor on the subsidiary/business unit market segment in terms of product capabilities, roadmap and segment needs.

Upper Midsize Focus
This capability assesses the focus of the vendor on the upper midsize market segment in terms of product capabilities, roadmap and segment needs.

Use Cases

Core Financials for Lower Midsize Enterprises
For organizations with annual revenue of between $50 million and $500 million, and that have headquarters and the majority of their operations in a single country.

This use case focuses on organizations that have most of their operations in a single country (although they will need to support multicurrency processing and multiple legal entities). Geographic coverage, therefore, has a 0% weighting because organizations evaluating vendors for this use case will focus on a single country or geographic region. Lower midsize organizations require a good breadth of functional capabilities. This use case weights usability higher than other use cases because such organizations typically do not have large IT functions or resources that can support user training. Similarly, ease of configuration, deployment and integration are more important in this use case.

Core Financials for Upper Midsize Enterprises
For organizations with annual revenues between $500 million and $1 billion, some international operations, and more complex accounting and reporting needs.

This use case shares many similarities with that for lower midsize enterprises, but these organizations are likely to have more complex international operations. For this reason, the weightings for complex GL capabilities and geographic coverage are higher than for lower midsize organizations.

Core Financials for Large Enterprises
For organizations with annual revenues between $1 billion and $5 billion, operations in multiple countries, and complex financial accounting and management reporting needs.
This use case focuses on large, multinational organizations. They need complex GL capabilities and good geographic coverage but, in functional terms, there is less focus on purchasing, accounts payable and accounts receivable as it is likely their requirements in these areas may be augmented by specialist systems. For example, many large organizations may use specialist, strategic sourcing and procure-to-pay solutions to extend the purchasing functionality of their core financial management suites. Similarly, it is likely that billing and collection capabilities will be managed outside the core financial suite, with the accounts receivable function acting more as an accounting ledger, rather than supporting complex processes. However, these organizations are more likely to require complex fixed-asset management accounting, so this functionality is weighted higher.

Usability and ease of configuration, deployment and integration are weighted lower than for both midsize enterprises use cases because large enterprises will have more IT resources to support these capabilities and can also provide user training and support.

**Global Enterprise Financial Backbone**

For global organizations with annual revenues of more than $5 billion, operations in multiple geographic regions, and a need to handle large volumes of complex accounting.

This use case focuses on global enterprises that want a common corporate finance backbone. This could be part of a single, global-instance ERP deployment, or it could be linked to multiple operational ERP deployments. The focus of this use case is, therefore, primarily on GL capabilities (including complex functions) and on geographic coverage (because any such system will need to support a wide range of local accounting standards while still being able to provide a consistent global view of finance operations).

**Subsidiary/Business Unit Finance Systems**

For subsidiaries or business units within large organizations with annual revenues of less than $1 billion. Typically deployed as part of a two-tier ERP/finance system.

This use case focuses on what is often called a two-tier deployment, whereby multinational organizations look to deploy a “lighter weight” finance system in some or all of their international subsidiary operations or autonomous business units. These solutions have less-complex functional requirements, but geographic coverage is important because multinational organizations often like to deploy the same systems in their subsidiary/business unit operations. Cloud core financial management suites are potentially a better solution than on-premises two-tier deployments, because the same configuration principles can be applied to many individual entities without the need for a physical instance in each entity location.

**Vendors Added and Dropped**

**Added**
- None.
Dropped

- **Acumatica** was dropped based on new Gartner criteria for customer revenue required for participation.
- **Ramco Systems** was dropped based on new Gartner criteria for customer revenue required for participation.
- **Unit4** was dropped based on new Gartner criteria for limited vertical market focus.

Inclusion Criteria

To be included in this Critical Capabilities, vendors had to fulfill certain criteria as dictated by the companion “Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises.”

**Product Capabilities:**

Each vendor had to deliver a suite of core financial management applications that included the following capabilities:

- General ledger
- Accounts payable, including basic requisition to invoice processing for indirect procurement
- Accounts receivable, including subscription billing and revenue recognition
- Fixed assets
- Treasury and cash management
- Financial reporting and analytics
- Financial account hub
- Project accounting

We also included existing AL/ML use cases to the Ability to Execute criteria as well as associated plans already communicated to the market in the Completeness of Vision criteria.

Included vendors also had to enable deployment of their core financial management suite as a cloud service (see Cloud Service Attributes section). Note: A core financial management suite may also be deployed in other ways — for example, on-premises or as a managed cloud service — but this body of research is restricted to cloud-only solutions. Vendors had to:

- Actively market and sell the cloud core financial management suite to midsize, large and/or global enterprises.
- Actively market, sell and deploy the cloud core financial management suite on a stand-alone basis, regardless of additional bundling with broader ERP suites or other applications with an
industry focus (for example, on professional services automation or other industry-specific capabilities).

**Market Presence:**

Each vendor had to:

- Have at least 250 organizations, each with annual revenue, expenditure or funding of more than $50 million, using the cloud service in production environments. (Note: Each user organization had to be managing at least $50 million annually through the core financial management suite. This $50 million minimum is not intended to represent the annual revenue of a parent organization when a smaller subsidiary uses the cloud service. Vendors had to be prepared to provide evidence of sufficient numbers of in-production customers.)
  - Be “live” with the GL functionality and at least one additional module specified in the Product Capabilities listed above.
  - Be “live” on the current version of the software before the next version was released.
- Have at least 250 user organizations actively using the cloud service, when offering multiple deployment models, not 250 spread across cloud and on-premises deployments.
- Have at least $100 million of booked subscription and support revenue for the cloud core financial management suite service only — excluding revenue from on-premises, hosted, managed cloud service or other deployment models. That is, from 1 January 2019 through 31 December 2019, or whichever 12-month accounting period most closely aligned with that period. Unrealized recurring revenue was not included. If a vendor chose not to disclose revenue information, Gartner used its own market research, as well as insights from public sources, to judge that vendor’s eligibility for inclusion and viability.
  - Associated revenue from adjacent modules beyond those specified in the Product Capabilities criterion above were not included.
- Actively sell and market the cloud service (and have live users of the cloud service in the qualifying revenue bands) outside the vendor’s home region in at least one of the following regions: the Americas, EMEA, Asia/Pacific.

**Cloud Service Attributes:**

**Responsibility:**

Each vendor had to:

- Manage all technology infrastructure either in its own data centers or in third-party data centers.
- Implement upgrades itself directly as part of the cloud service, not through a third party or managed service provider.

**Licensing and technology:**
Each vendor had to:

- License the cloud service on a subscription or metered pay-for-use basis.
- Neither tailor contracts to specific user organizations (except for minor adjustments), nor provide user organizations with a version different from that offered to other cloud customers.
- Have a cloud service that uses internet technologies, the use of internet files, formats and identifiers being necessary for delivery of cloud service interfaces.
- Support the cloud service with computing resources that are scalable and elastic in near real time, rather than based on dedicated hardware and infrastructure.

**Customization:**

Each vendor had to:

- Prohibit modification of its source code. Configuration via citizen developer tools and extension via platform as a service (PaaS) — by partner, vendor or user — was allowed.

**Pace of change:**

Each vendor had to:

- Use a single code line for all customers of the cloud service, to enable rapid deployment of new functionality by the vendor.
- Deliver at least two upgrades containing new functionality, per annum, to all users of the cloud service, and control the pace of the upgrade cycle.
- Offer self-provisioning capabilities for the service (at least for development and test instances) without involving the vendor’s staff.
- Use technology to deliver a service shared by multiple customers, in order to create a pool of resources from which elasticity can be delivered.

We defined these cloud service attributes to enable inclusion of cloud services that confer the benefits of a SaaS solution without specifying a particular technical architecture (such as multitenancy at the application level). To be included, all customers had to be on the current version of the solution before a new one was released.
Table 1: Weighting for Critical Capabilities in Use Cases

<table>
<thead>
<tr>
<th>Critical Capabilities</th>
<th>Core Financials for Lower Midsize Enterprises</th>
<th>Core Financials for Upper Midsize Enterprises</th>
<th>Core Financials for Large Enterprises</th>
<th>Global Enterprise Financial Backbone</th>
<th>Subsidiary/Business Unit Finance Systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>GL Coding Structures/Processes</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Complex GL Capabilities</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>Purchasing and Accounts Payable</td>
<td>10%</td>
<td>9%</td>
<td>5%</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>10%</td>
<td>9%</td>
<td>5%</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Fixed-Asset Accounting</td>
<td>5%</td>
<td>3%</td>
<td>10%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Project Accounting/Costing/Billing</td>
<td>10%</td>
<td>9%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Financial Analytics and Reporting</td>
<td>10%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Usability</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Geographic Coverage</td>
<td>0%</td>
<td>5%</td>
<td>10%</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>Configure/Deploy/Integrate</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>Lower Midsize Focus</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Upper Midsize Focus</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Large Enterprise Focus</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Global Enterprise Focus</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Subsidiary/Business Unit Focus</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

As of June 2020

Source: Gartner (July 2020)
This methodology requires analysts to identify the critical capabilities for a class of products/services. Each capability is then weighed in terms of its relative importance for specific product/service use cases.
## Critical Capabilities Rating

**Table 2. Product/Service Rating on Critical Capabilities**

<table>
<thead>
<tr>
<th>Critical Capabilities</th>
<th>FinancialForce</th>
<th>Microsoft</th>
<th>Oracle (NetSuite)</th>
<th>Oracle (Oracle ERP Cloud)</th>
<th>Sage Intacct</th>
<th>SAP</th>
<th>Workday</th>
</tr>
</thead>
<tbody>
<tr>
<td>GL Coding Structures/Processes</td>
<td>4.2</td>
<td>4.3</td>
<td>4.8</td>
<td>4.5</td>
<td>4.8</td>
<td>4.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Complex GL Capabilities</td>
<td>4.1</td>
<td>3.8</td>
<td>4.2</td>
<td>4.3</td>
<td>4.6</td>
<td>4.2</td>
<td>4.5</td>
</tr>
<tr>
<td>Purchasing and Accounts Payable</td>
<td>3.7</td>
<td>3.7</td>
<td>4.5</td>
<td>4.4</td>
<td>4.7</td>
<td>4.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Accounts Receivable</td>
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<td>4.1</td>
<td>4.5</td>
<td>4.2</td>
<td>4.4</td>
<td>3.8</td>
<td>4.3</td>
</tr>
<tr>
<td>Fixed-Asset Accounting</td>
<td>3.7</td>
<td>4.2</td>
<td>4.4</td>
<td>4.1</td>
<td>3.4</td>
<td>4.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Project Accounting/Costing/Billing</td>
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<td>3.9</td>
<td>4.2</td>
<td>4.1</td>
<td>4.3</td>
<td>4.2</td>
<td>4.3</td>
</tr>
<tr>
<td>Financial Analytics and Reporting</td>
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<td>3.9</td>
<td>4.5</td>
<td>4.3</td>
<td>4.4</td>
<td>4.0</td>
<td>4.4</td>
</tr>
<tr>
<td>Usability</td>
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<td>4.3</td>
<td>5.0</td>
<td>4.4</td>
<td>4.6</td>
</tr>
<tr>
<td>Geographic Coverage</td>
<td>1.9</td>
<td>4.6</td>
<td>4.3</td>
<td>4.5</td>
<td>2.0</td>
<td>4.5</td>
<td>3.4</td>
</tr>
<tr>
<td>Configure/Deploy/Integrate</td>
<td>4.4</td>
<td>4.4</td>
<td>4.6</td>
<td>4.2</td>
<td>4.5</td>
<td>3.8</td>
<td>4.5</td>
</tr>
<tr>
<td>Lower Midsize Focus</td>
<td>4.6</td>
<td>4.5</td>
<td>4.5</td>
<td>1.0</td>
<td>5.0</td>
<td>3.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Upper Midsize Focus</td>
<td>3.4</td>
<td>4.7</td>
<td>3.5</td>
<td>4.4</td>
<td>3.5</td>
<td>3.6</td>
<td>4.5</td>
</tr>
<tr>
<td>Large Enterprise Focus</td>
<td>2.1</td>
<td>4.0</td>
<td>2.5</td>
<td>5.0</td>
<td>1.0</td>
<td>4.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Global Enterprise Focus</td>
<td>1.1</td>
<td>3.3</td>
<td>1.0</td>
<td>4.7</td>
<td>1.0</td>
<td>4.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Subsidiary/Business Unit Focus</td>
<td>2.7</td>
<td>4.6</td>
<td>4.8</td>
<td>1.0</td>
<td>1.0</td>
<td>4.0</td>
<td>1.0</td>
</tr>
</tbody>
</table>

*As of June 2020*

Source: Gartner (July 2020)
Table 3 shows the product/service scores for each use case. The scores, which are generated by multiplying the use-case weightings by the product/service ratings, summarize how well the critical capabilities are met for each use case.

**Table 3. Product/Service Score in Use Cases**

<table>
<thead>
<tr>
<th>Use Cases</th>
<th>FinancialForce</th>
<th>Microsoft</th>
<th>Oracle (NetSuite)</th>
<th>Oracle (Oracle ERP Cloud)</th>
<th>Sage Intacct</th>
<th>SAP</th>
<th>Workday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Financials for Lower Midsize Enterprises</td>
<td>4.12</td>
<td>4.16</td>
<td>4.51</td>
<td>3.62</td>
<td>4.61</td>
<td>3.92</td>
<td>3.74</td>
</tr>
<tr>
<td>Core Financials for Upper Midsize Enterprises</td>
<td>3.74</td>
<td>4.19</td>
<td>4.29</td>
<td>4.32</td>
<td>4.18</td>
<td>3.96</td>
<td>4.38</td>
</tr>
<tr>
<td>Core Financials for Large Enterprises</td>
<td>N/A</td>
<td>4.08</td>
<td>4.06</td>
<td>4.45</td>
<td>N/A</td>
<td>4.13</td>
<td>4.44</td>
</tr>
<tr>
<td>Global Enterprise Financial Backbone</td>
<td>N/A</td>
<td>3.96</td>
<td>3.75</td>
<td>4.41</td>
<td>N/A</td>
<td>4.15</td>
<td>4.13</td>
</tr>
<tr>
<td>Subsidiary/Business Unit Finance Systems</td>
<td>3.38</td>
<td>4.26</td>
<td>4.54</td>
<td>3.83</td>
<td>3.51</td>
<td>4.10</td>
<td>3.73</td>
</tr>
</tbody>
</table>

*As of June 2020*

Source: Gartner (July 2020)

To determine an overall score for each product/service in the use cases, multiply the ratings in Table 2 by the weightings shown in Table 1.

**Gartner Recommended Reading**

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

“How Products and Services Are Evaluated in Gartner Critical Capabilities”

“Magic Quadrant for Cloud Core Financial Management Suites for Midsize, Large and Global Enterprises”

“Magic Quadrant for Cloud Financial Planning and Analysis Solutions”

“Critical Capabilities for Cloud Financial Planning and Analysis Solutions”

“Magic Quadrant for Cloud Financial Close Solutions”
Critical Capabilities Methodology

This methodology requires analysts to identify the critical capabilities for a class of products or services. Each capability is then weighted in terms of its relative importance for specific product or service use cases. Next, products/services are rated in terms of how well they achieve each of the critical capabilities. A score that summarizes how well they meet the critical capabilities for each use case is then calculated for each product/service.

"Critical capabilities" are attributes that differentiate products/services in a class in terms of their quality and performance. Gartner recommends that users consider the set of critical capabilities as some of the most important criteria for acquisition decisions.

In defining the product/service category for evaluation, the analyst first identifies the leading uses for the products/services in this market. What needs are end-users looking to fulfill, when considering products/services in this market? Use cases should match common client deployment scenarios. These distinct client scenarios define the Use Cases.

The analyst then identifies the critical capabilities. These capabilities are generalized groups of features commonly required by this class of products/services. Each capability is assigned a level of importance in fulfilling that particular need; some sets of features are more important than others, depending on the use case being evaluated.

Each vendor’s product or service is evaluated in terms of how well it delivers each capability, on a five-point scale. These ratings are displayed side-by-side for all vendors, allowing easy comparisons between the different sets of features.

Ratings and summary scores range from 1.0 to 5.0:

1 = Poor or Absent: most or all defined requirements for a capability are not achieved
2 = Fair: some requirements are not achieved
3 = Good: meets requirements
4 = Excellent: meets or exceeds some requirements
5 = Outstanding: significantly exceeds requirements

To determine an overall score for each product in the use cases, the product ratings are multiplied by the weightings to come up with the product score in use cases.

The critical capabilities Gartner has selected do not represent all capabilities for any product; therefore, may not represent those most important for a specific use situation.
or business objective. Clients should use a critical capabilities analysis as one of several sources of input about a product before making a product/service decision.
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