

IDC MarketScape: Worldwide SaaS and Cloud-Enabled Direct Spend 2024 Vendor Assessment

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THIS EXCERPT FEATURES JAGGAER AS A LEADER

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide SaaS and Cloud-Enabled Direct Spend Vendor Assessment



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

ABOUT THIS EXCERPT

The content for this excerpt was taken directly IDC MarketScape: Worldwide SaaS and Cloud-Enabled Direct Spend 2024 Vendor Assessment (Doc # US52734424).

IDC OPINION

The efficient management of direct materials sourcing and associated spend has become a critical component of successful supply chain operations. As organizations strive to enhance their competitive edge, the adoption of specialized software applications designed for direct materials sourcing and spend has gained significant momentum. These tools not only facilitate the procurement of essential raw materials and components but also provide a comprehensive framework for managing supplier relationships, optimizing costs, and ensuring quality throughout the production process. The growing complexity of global supply chains, coupled with increasing market volatility, underscores the necessity for businesses to leverage technology to streamline their sourcing strategies.

The direct materials sourcing and spend software application market is characterized by a diverse range of solutions that cater to various industries, including industrial manufacturing, automotive, electronics, chemicals, and consumer goods. These applications are designed to address specific challenges associated with sourcing and spend management, such as fluctuating material costs, supplier performance variability, and compliance with sustainability standards. By integrating advanced features such as real-time visibility into supplier metrics, automated RFX processes, and predictive analytics, these tools empower organizations to make informed decisions that enhance operational efficiency and drive cost savings.

As businesses continue to navigate the complexities of modern procurement, understanding the landscape of direct materials sourcing and related spend software is essential. By providing a comprehensive overview of this critical sector, this document aims to equip stakeholders with valuable insights that can inform their sourcing and spend management strategies and contribute to their overall success in an increasingly competitive environment.

The direct sourcing and spend software application market plays a critical role in optimizing procurement processes for organizations, especially those in manufacturing and automotive industries where direct materials constitute a significant portion of total spend. By addressing the unique challenges of direct sourcing and offering a range of sophisticated features, these solutions enable businesses to enhance efficiency, reduce costs, and maintain competitiveness in an increasingly complex global market. As the market continues to evolve, we can expect to see further

innovations in areas such as artificial intelligence, sustainability tracking, and advanced analytics. Organizations looking to implement or upgrade their direct sourcing and spend management solutions should carefully evaluate their specific needs and choose a platform that offers the right balance of functionality, usability, and integration capabilities to support their procurement strategies.

The direct materials sourcing and spend software application market plays a pivotal role in modern procurement strategies. By offering robust features tailored for managing complex supply chains, these solutions help organizations optimize costs, reduce risks, and enhance collaboration. However, challenges such as integration complexity and data quality must be addressed to fully realize their potential. As trends like AI integration and sustainability gain traction, the market is set to evolve further, positioning direct materials sourcing software as an indispensable tool for competitive advantage in procurement practices.

IDC MARKETSCOPE VENDOR INCLUSION CRITERIA

The vendor inclusion list for this document was selected to accurately depict the vendors that are most representative of any given procurement applications on a buyer's selection list based on the following:

- Vendors were investigated to ensure that their offerings were qualified as a direct sourcing provider, as per the definition included in the Market Definition section.
- Procurement software must meet the IDC definition of procurement.
- Vendors must have been offering sourcing/spend management tools for at least 3 years.
- Vendors must have customers in at least two major industries (e.g., manufacturing, retail, life sciences, wholesale).
- Vendors must have customers in at least two geographic regions.
- Vendors must have at least 10 referenceable customers.

ADVICE FOR TECHNOLOGY BUYERS

Buyers should approach the due diligence of assessing direct sourcing and spend applications with a clear understanding of their organizational needs and objectives. The first step is to define specific goals for the software, such as enhancing supplier relationships, improving cost management, or increasing supply chain visibility. By establishing these objectives, organizations can better evaluate which features and capabilities are essential for their unique sourcing strategies. In addition, engaging key

stakeholders from procurement, finance, and IT departments early in the decision-making process ensures alignment and facilitates a smoother implementation once a platform is selected.

Another key aspect to consider is the integration capabilities of the software. Direct sourcing and spend applications must seamlessly connect with existing systems such as enterprise resource planning (ERP), product life-cycle management (PLM), supply chain management (SCM) and other procurement tools. This integration is vital for maintaining data consistency and enabling real-time communication between departments. Potential buyers should review the provider's partnerships with other technology providers to ensure that the chosen solution can effectively support their broader procurement ecosystem. Understanding the implementation process and the level of support offered by the vendor can dramatically impact the overall success of the software deployment.

Buyers should also prioritize user experience when selecting a direct sourcing and spend software application. An intuitive interface that simplifies navigation and minimizes training time will enhance user adoption rates across the organization. Buyers should request demonstrations or trial periods to assess how easily employees can interact with the software and whether it meets their operational needs. In addition, evaluating the analytics capabilities of the platform is essential: robust reporting tools can provide insights into key performance indicators (KPIs) and customizable, persona-based dashboards can empower procurement teams to make informed decisions based on real-time data.

Last, it is important for potential buyers to consider the long-term viability and security of the software solution. Investigating the provider's track record and experience in their industry, including client success stories and case studies, can provide insights into the provider's reliability and expertise. Data security measures must be a priority; buyers should ensure that any software they consider complies with relevant regulations and has robust security certifications in place.

As a buyer in this market, the following are a few of the key questions to consider during the buying process:

- **Begin by looking inward.** Before making purchasing decisions on software, the following are a few key questions to ask regarding the internal resources and processes:
 - What are some of the issues I would like to resolve with this new system?
 - Are the issues technology related?
 - What are my internal support resources and capabilities?
 - How should we define success for this implementation?

- Which internal stakeholders should we include in the evaluation processes?
- How will a new system change my organization?
- **Select the right partners (internal and external).** The first step in the journey to implementing a sourcing/spend platform is developing a strategy and plan for the implementation. This includes doing due diligence in finding the right vendor. The following are a few key questions to ask regarding the software vendor:
 - Does the vendor have experience with my type of product, service, and company size?
 - Can the vendor show me a hands-on demo with my organization's "live/real" data to show the benefit to the business?
 - Does the vendor understand the regulations that will impact my business? How are these regulations reflected in my current product and how will it change in the future?
 - What is the vendor's strategic investment outlook for the next three to five years? Why? How will that change and enhance my business?
- **Consider the foundation.** Sourcing/spend vendors have seen many iterations from a technology architecture standpoint. Even among cloud vendors, there are many different varieties of software architectural approaches. IDC believes that taking time to understand the foundation of the software and its advantages (or limitations) is of critical importance during the buying decision. The following are a few key questions regarding the software vendor:
 - What is the dataflow design within the current solution?
 - What kind of APIs are available now from this vendor? RESTful? SOAP? GraphQL?
 - What kind of developer tools does the vendor provide (e.g., sandbox, dedicated portal, low-code/no-code tools, and database management tools)?
 - Is any part of the software currently built on a microservice architecture? If so, which parts?
- **Be involved in the implementation.** Whether the provider executes the implementation itself or utilizes a partner for the best results, organizations must take a very active role in the actual implementation of the software. Sourcing/spend software touches upon many other back-office systems. As a result, extreme attention must be given to how the system is set up and how it interacts with other systems within your organization. The following are a few key questions to ask regarding the software implementations:
 - What levels of support are available and are they geographically available for my business?

- How should I set up the service-level agreement (SLA) before signing any contracts?
- Can the system integrate with my company's other IT systems and those of my partners?
- Which IT system needs to be integrated and to what degree?
- How are we set up to deal with frequent product updates?
- **Note that post-implementation is critical.** In many ways, the success of any SaaS implementation hinges on what happens after the implementation is up and running. This is where change management takes center stage. The following are a few key questions to ask regarding the post-go-live phase of software implementations:
 - Do we have a strategy to encourage rapid adoption among employees?
 - Do we have the right amount of training for employees to master the new features within the system?
 - Are we communicating the purpose and benefits of the system change to the relevant employees?
 - Have we aligned existing policies and procedures to enable the adoption of the new workflows?

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

JAGGAER

Based on IDC analysis and customer feedback, JAGGAER has been positioned in the Leaders category of this 2024 IDC MarketScape for worldwide SaaS and cloud-enabled direct spend.

JAGGAER was founded in 1995 in Morrisville, North Carolina. Formerly known as SciQuest, the entity rebranded to JAGGAER in 2017. JAGGAER has grown both organically and through acquisitions. Notable acquisitions in the company's history include AECsoft, Spend Radar, CombineNet, BravoSolution, POOL4TOOL, and DocSkiff. JAGGAER offers a complete suite of spend management products for both direct and indirect spend, including spend analytics, category management, supplier management, sourcing, contract life-cycle management, procurement, invoice automation, inventory, and payment. JAGGAER has coined the phrase "Autonomous

Commerce" to express its vision for the B2B commerce experience between buyers, suppliers, and partners. The core enablers of this vision are a networked platform, intelligent decision-making capabilities, a comprehensive platform, and extensible technology. The platform with which JAGGAER enables autonomous commerce is JAGGAER One. Some of the industries in which JAGGAER is known for its leadership position are education, energy and utilities, financial services, manufacturing, life sciences and pharmaceuticals, and retail. JAGGAER's clients are primarily enterprise-level clients, with approximately 90% of the company's customer base with this size.

Strengths

- JAGGAER offers a single source of truth for spend, contract, and supplier management. It offers a full suite of spend management products for both the indirect and direct needs.
- In addition to JAGGAER's Direct Sourcing solution, clients can also use the complementary Advanced Sourcing Optimizer, a recognized best in class sourcing optimization tool, offering true value add for complex direct sourcing events. Its robust industry verticals support direct sourcing engagements in such industries as manufacturing, energy and utilities, and transportation and logistics, among others
- BOM Management provides significant business value, and the introduction of BOM Costing, infused with automation and AI, provides an intuitive integration to direct spend management.

Challenges

- The full-suite procurement application space remains highly competitive, and it will benefit JAGGAER to establish greater mindshare beyond its core differentiated offerings in direct sourcing, higher education, and public sector procurement.
- With the recent sale of JAGGAER earlier in 2024, clients will need assurance that the most recent acquisition — the third since 2017 — will not negatively impact innovation.

Consider JAGGAER When

Entities should consider JAGGAER when they are in need of an application that is designed to optimize large, complex direct sourcing activity across a variety of industries, which also offers an integrated full procurement suite that provides strong data analytics, infused with intelligent decision support.

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Incoming IDC inquiries are related to procurement solutions, with specific questions focused on capabilities of vendors, innovation and future trends of procurement vendors, customer interviews, customer satisfaction, and metrics organizations improved because of their use of the procurement software.

Market Definition

Direct material sourcing and spend, also known as direct procurement, encompasses the comprehensive process of acquiring raw materials, goods, and components that are integral to the production of a company's final products. This function ensures that manufacturers obtain the necessary inputs — such as metals, plastics, and textiles — that directly contribute to their offerings. The primary objective of direct material sourcing is to maintain a consistent supply of high-quality materials at competitive prices.

This document delves into the common use cases and features of these applications, highlights the benefits they offer, examines the challenges organizations may encounter during implementation, and explores emerging trends shaping the market.

Common Use Cases

Direct materials sourcing and spend software is utilized across various industries to streamline procurement processes. Key use cases include:

- **New product life-cycle management:** Facilitating efficient project management by providing access to critical data for structuring projects, assigning milestones, and tracking progress, ensuring timely production schedules and quality standards
- **Responsive pricing collaboration:** Allowing buyers and suppliers to adapt pricing in response to market fluctuations, improving agility and cost control
- **Efficient cost management:** Category managers leveraging these tools to manage costs effectively by modifying project components and gaining visibility into potential savings opportunities
- **Effective supply chain insights:** Providing visibility into supplier performance and risks, allowing organizations to make informed decisions that mitigate supply chain risks
- **Product quality assurance:** Supporting quality assurance programs in helping manage quality processes by establishing milestones and objectives that align with production timelines and quality requirements

Features

Direct materials sourcing and spend applications come equipped with a variety of features designed to enhance procurement efficiency:

- **Real-time visibility:** Offers insights into supplier performance, costs, and risks, enabling data-driven decision-making

- **Total cost breakdown:** Provides detailed cost structures that help organizations understand pricing components and forecast fluctuations
- **Bill of materials (BOM) management:** Facilitates the management of complex product structures by linking sourcing activities directly to BOMs and coordinating the administrative tasks of tracking changes to delivery dates, order quantities, and pricing and illustrating the associated impacts
- **RFx creation:** Facilitates the creation of requests for information (RFI), requests for proposal (RFP), and requests for quotation (RFQ) tailored to specific organizational needs
- **Guided sourcing:** Provides streamlined and facilitated recommendations for process improvements and outcomes based on historical data and analytics
- **Integration capabilities:** Integrates with existing systems like ERP and PLM to provide a holistic view of procurement activities

Benefits

Adopting direct materials sourcing and spend software can yield significant advantages for organizations:

- **Cost savings:** By optimizing supplier selection, negotiation processes, leveraging historical pricing, and forecasting future pricing shifts, companies can achieve substantial cost reductions on direct materials. The ability to perform granular cost analysis further enhances savings opportunities.
- **Reduced risk:** This functionality allows organizations to identify potential risks in the supply chain at various stages of the sourcing process, allowing for proactive disruption mitigation/management strategies.
- **Enhanced collaboration:** It promotes better collaboration between procurement teams and suppliers, leading to improved communication and efficiency throughout the sourcing process.
- **Increased efficiency:** Automation of routine tasks such as supplier invitations and bid management streamlines operations, reducing time spent on manual processes.

Market Analysis

Challenges

There are significant challenges that are specific to direct material sourcing and spend management that merit attention. Direct spend software applications can mitigate some of the challenges that users face in several areas. The first one to be highlighted relates to the complexity of bill of material orders. Managing multilevel BOMs and integrating them with sourcing events can be highly complex and require specialized

solutions. Cost volatility is common in direct material sourcing, due to fluctuating raw material prices and market dynamics that require the use of predictive analytics that can anticipate changes and drive informed, intelligent decision support. Visibility into the supply chain is critical, as supply chains become increasingly globalized, increasing the challenge of gaining a full end-to-end view.

The challenge of tight collaboration with suppliers requires effective communication and collaboration, especially during new product development, which requires robust tools and processes. Data integration necessitates a seamless integration with existing ERP and PLM platforms that can be technically challenging. Last, compliance and risk management require adherence to regulations and the proactive management of risk, leveraging predictive solutions that provide early detection and comprehensive, persona-based dashboards.

Market Trends

The direct sourcing and spend management software market is evolving rapidly, driven by technological advancements and changing business needs. Key trends include:

- **Increased AI/ML integration:** More solutions are incorporating artificial intelligence and machine learning to provide predictive insights and automate decision-making processes.
- **Automation:** Data availability, larger numbers of active suppliers, and chronic talent shortages are pushing procurement organizations to more broadly embrace automation and purpose-built direct materials sourcing applications.
- **Focus on sustainability:** Growing emphasis on sustainable sourcing practices is leading to the integration of environmental, social, and governance (ESG) criteria in sourcing decisions.
- **Enhanced collaboration features:** As supply chains become more complex, solutions are focusing on improving collaboration tools to facilitate better communication between buyers, suppliers, and internal stakeholders, providing a channel for real-time feedback that also serves as a documented record of the sourcing event for audit purposes.
- **Data-driven decision-making:** Advanced analytics capabilities are becoming standard, allowing organizations to leverage big data for more informed sourcing strategies.

Related Research

- *IDC MarketScape: Worldwide Supply Chain Planning for Distribution Industries 2024 Vendor Assessment* (IDC #US51272924, October 2024)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2024: Experiential Retail* (IDC #US52544124, September 2024)
- *Procurement Applications Market Dynamics and Vendors for 2024* (IDC #US51463423, December 2023)
- *IDC MarketScape: Worldwide Multi-Enterprise Supply Chain Commerce Network 2023 Vendor Assessment* (IDC #US49948423, December 2023)
- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Sourcing Applications 2023 Vendor Assessment* (IDC #US51215923, November 2023)
- *IDC MarketScape: Asia/Pacific Cloud Professional Services 2023–2024 Vendor Assessment* (IDC #AP50426623, November 2023)
- *IDC MarketScape: Asia/Pacific Microsoft Business Applications Implementation Services Vendor Assessment, 2023–2024* (IDC #AP50165723, October 2023)
- *Coupa Inspire 2023 Brings Community and Collaboration and AI and Improved Supply Chain Capabilities* (IDC #IcUS50998923, June 2023)
- *Advice for the Financial Applications Buyer: Advice, Tips, and Signposts for the Financial Applications Buyers in 2023* (IDC #US50493123, March 2023)
- *Market Perspective: The Convergence of Supply Chain and Procurement* (IDC #US51339322, November 2023)

Synopsis

The IDC study evaluates the 2024 landscape of SaaS and cloud-enabled direct spend vendor solutions, emphasizing the importance of efficient direct materials sourcing in supply chain operations. It highlights the benefits of specialized software in managing supplier relationships, optimizing costs, and ensuring quality. The document also discusses common use cases, features, benefits, challenges, and market trends, providing a comprehensive overview to help organizations enhance their procurement strategies and maintain competitiveness in a volatile market.

"Efficient management of direct materials sourcing is crucial for competitive supply chain operations, leveraging technology to streamline strategies amid global complexities and market volatility," according to Patrick Reymann, research director, Procurement and Enterprise Applications at IDC.

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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