

The Forrester Wave™: Subscription Billing Platforms, Q4 2015

The Eight Subscription Billing Solution Providers That Matter Most And How They Stack Up

by Peter Sheldon and Lily Varon

November 11, 2015

Why Read This Report

In Forrester's 40-criteria evaluation of subscription billing platform solutions, we identified the eight most significant vendors in the category — Apttus, Aria Systems, Digital River, goTransverse, Recurly, SAP hybris, Vindicia, and Zuora — and researched, analyzed, and scored them. This report details our findings about how well each vendor fulfills our criteria and where they stand in relation to each other to help eBusiness professionals select the right partner as they seek to develop and support alternative business models for both existing and new products and services.

Key Takeaways

Zuora, Aria Systems, And SAP Hybris Lead The Pack

Forrester's research uncovered a market in which Zuora, Aria Systems, and SAP hybris lead the pack. goTransverse, Apttus, Vindicia, Digital River, and Recurly offer competitive options.

The Subscription Billing Market Is Surprisingly Mature And Touches Many Industries

The subscription billing market is growing because more eBusiness professionals across industry verticals see the value in using more complex billing services. Key drivers behind the experimentation and subsequent adoption of transformative business model relationships include a desire for stickier customer relationships, a thirst for customer insights, an eagerness to capitalize on the cloud, and an inclination to experiment with connected products.

Key Capabilities In The Subscription Billing Market Vary Greatly To Fit Diverse Needs

As traditional billing technology becomes outdated and less effective, eBusiness professional must determine the strengths and capabilities offered by subscription billing services that best fit their business needs. Vendors differ significantly in their B2B versus B2C strategy, cloud architecture, usage-based business model capabilities, verticalized specialties, financial reporting, and integration strategies.

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Notes & Resources

Forrester conducted lab-based evaluations in August 2015 and interviewed eight vendor and user companies: Apttus, Aria Systems, Digital River, goTransverse, Recurly, SAP hybris, Vindicia, and Zuora.

Related Research Documents

[Grow Your Revenue Stream With Customer-Centric Finance](#)

[Market Overview: Commerce Solutions For Digital Products And Services, 2015](#)

[Market Overview: Subscription And Recurring Billing Solutions 2012](#)

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Innovation Is Enabling An Era Of Continuous Customer Relationships

In this era of cloud computing, mobile devices, and the Internet of Things (IoT), firms are testing new product offerings that combine elements of content, software, services, and hardware together. Like the innovative products themselves, the rulebook on monetizing them is evolving. Firms are shifting from one-time perpetual sales or fixed monthly subscriptions to consumption models that blend one-time, subscription, and usage-based billing (see Figure 1). CEOs recognize this shift toward business models that reflect the value of the relationship with the customer:

“There’s a secular movement that’s happening . . . more to an annuity relationship as well as a subscription relationship. These are the long-term relationships we want to have with all customers.” Satya Nadella, CEO Microsoft (May 2015)

“If you went to bed last night as an industrial company, you’re going to wake up today as a software and analytics company.” Jeff Immelt, CEO GE (October 2014)

“We’ve gone from selling boxes, cloud, mobility, or any other solution, to partner with customers on their outcomes.” John Chambers, CEO Cisco (May 2015)

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FIGURE 1 Subscription Billing Platforms Support A Diverse Set Of Monetization Models**Four Drivers of Business Model Disruption Are Common Across Almost Every Industry**

The move to subscription and consumption business models is pervasive in almost every industry. From retailers selling subscription box sets to industrial equipment manufacturers charging based on consumption, the increase in experimentation of alternative business models is extraordinary (see Figure 2). While B2C disrupters like Netflix and Zipcar have gotten more media attention, the growth of subscription billing platforms has been heavily driven by B2B use cases (or B2C expanding into B2B — e.g., a real estate listing site selling services to realtors). The complexities of selling

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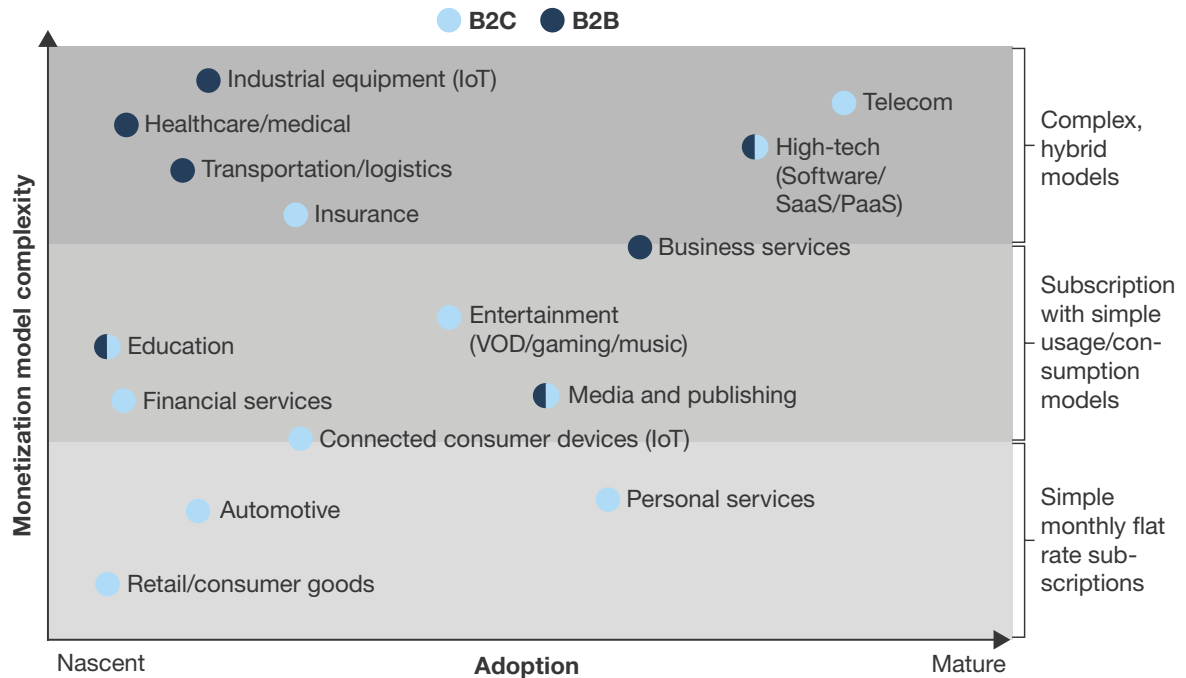
subscriptions in a B2B environment mean support for account hierarchies and sales channels is an imperative, which in turn results in subscriptions model complexity that far exceeds anything usually encountered in the B2C market.

There are abundant examples of products and services that have been repackaged, re-engineered or developed exclusively for monetization via a subscription model (see Figure 3). There are four key drivers behind the experimentation and subsequent adoption of transformative business model relationships that firms have with their customers. They are:

- › **A desire for stickier customer relationships.** Even when there isn't an overt subscription component to the business model, scenarios where the consumer's credit card is vaulted and there's a recurring relationship, like Uber, for example, are changing what's possible from a transactional — and relationship — standpoint. There is an inherent flexibility, and an additional emphasis on loyalty, above and beyond that of a traditional one-time purchase.
- › **A thirst for customer insights.** A recurring subscription enables firms to build long-term relationships, monitor engagement, and perform sentiment analysis. Customer insights enable firms to turn the analysis of usage rapidly into new product innovations and improved product packaging.
- › **An eagerness to capitalize on the cloud.** Subscriptions are synonymous with the cloud. As eBusiness professionals in both B2C and B2B sectors migrate or reinvent software products, business, and consumer services for the cloud, they invariably migrate to subscription- or usage-based monetization models. Selling access to cloud services via a one-time licensing and support model is almost unheard of.
- › **An inclination to experiment with connected products.** The Internet of Things is bringing on another wave of business model innovation. The ability to cheaply embed a complex array of sensors into both consumer and industrial devices, combined with always-on connectivity, is allowing product engineers to start with a blank canvas for how their next generation of products will operate. It is now common for entirely new service offerings to be packaged with the devices themselves to provide real-time monitoring and preventative maintenance capabilities. It will come as no surprise that IoT firms will use subscriptions and consumption-based business models to monetize new service offerings and, in some cases, to actually subsidize the hardware devices themselves.

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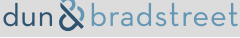
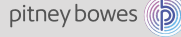
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FIGURE 2 Telco, High-Tech, And Business Services Firms Lead Their Adoption Of Complex Subscription Models

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FIGURE 3 No Industry Is Immune From The Disruption Of Evolving Monetization Models

Industry vertical	Example scenario	Example companies
Automotive	Drivers subscribe to access to in-vehicle connectivity, security, remote diagnostics, recovery services, etc.	 
Business services	Real estate professionals pay subscriptions to list their properties and services online.	 
Connected consumer devices (IoT)	Consumers subscribe to an ink replacement program enabled through a connected printer.	 
Education	Consumers pay a subscription fee for access to online courses, online tutoring, or practice exams.	 brightspace 
Entertainment (VOD/gaming/music)	Access to OTT video streaming, games, and film and TV content on a paid subscription or timed-access basis.	 
Financial services	Consumers subscribe a credit monitoring and identity theft prevention service.	 
High-tech (Software/SaaS/PaaS)	A software vendor offers a cloud version of it's perpetual license product accessed via paid subscriptions.	 AUTODESK. Adobe Creative Cloud
Healthcare/medical	A hospital leases an MRI machine and pays per scans printed and by resolution of the images.	 
Industrial equipment (IoT)	Agriculture equipment manufacturer sells connected machines and a subscription service to access agronomic data.	 
Insurance	Auto insurance company insures driver based on hybrid risk profile, miles driven, and driving style.	 
Media and publishing	Consumers pay monthly subscription fees to access premium online content or pay-as-you-go for content consumed.	 
Personal services	A consumer pays an online dating service a monthly subscription to match with potential candidates.	 
Retail/consumer goods	Online retailer or CPG firm offers consumable products to consumers via monthly or quarterly subscription programs.	 BIRCHBOX 
Telecoms	Customers pay for voice and other services via post pay usage based subscriptions.	 
Transportation/logistics	Car sharing services use monthly subscription plans to provide consumers access to vehicles.	 

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Eight Capabilities Define The Subscription Billing Category

As eBusiness professionals evaluate subscription billing platforms, they will uncover common capability themes among each of the vendors (see Figure 4). We categorized the features that differentiate subscription billing platforms from other billing solutions into eight core buckets:

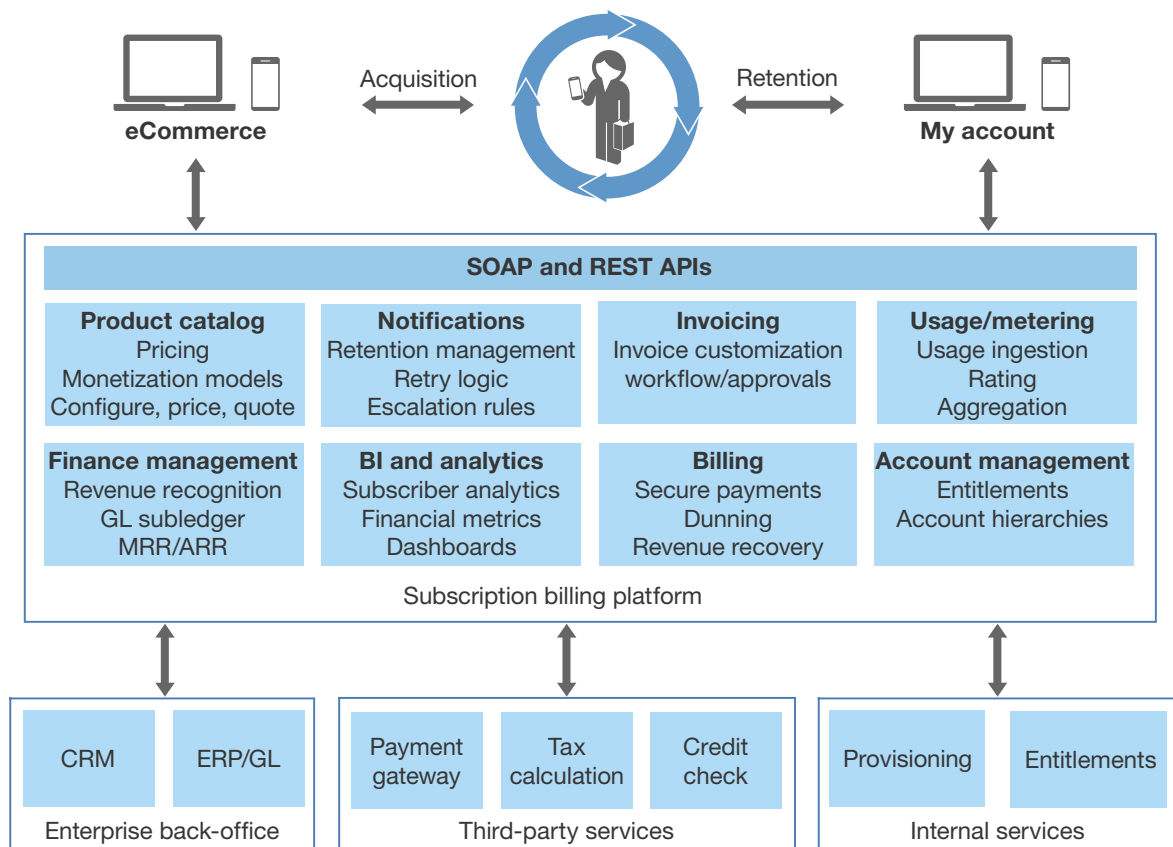
- › **Product catalog.** Product managers typically use these tools to define the type of subscription or consumption model required and the associated pricing rules, tiers, and offers. Key to the value proposition of these subscription billing platforms is flexibility. Firms demand to be able to configure, model, and test potential future business and pricing models independently, without the need for IT change projects to back-office systems such as the general ledger (GL) or enterprise resource planning (ERP).
- › **Notifications.** In almost all billing scenarios, sophisticated cross-touchpoint notification management tools are required to manage contract expiration warnings, activations/welcome notices, dunning notices, credit card expiry, and failed billing attempts. Unified management of notifications is imperative to maintaining a consistent end-consumer experience.
- › **Invoicing.** Complex consumption-based business models can be hard for customers to decipher, making clear and concise invoicing critical in a subscription billing environment. Not only do these platforms manage the creation and issuing of invoices, but they provide sophisticated invoice design tools.
- › **Usage/metering.** In most cases, clients expect their recurring billing platform to ingest vast amounts of raw consumption data from the devices, services, and products that are being consumed. This raw usage data must be metered and rated according to the specific pricing plans of the account or end customer.
- › **Finance management.** The business model of subscriptions is built upon future recurring costs and revenues rather than one-time metrics. Financial metrics in this new world must be forward-looking and report on customers, not units; lifetime value, not average selling price; recurring profit margins, not annual gross revenue; and renewal rates, not close rates. These metrics differ but do not always map to those configured in an enterprise GL system, thus the CFO may require access to detailed key performance indicators and reports directly from the subscription and recurring billing solution itself — relying on it as a “second tier” to incumbent ERP and GL systems.
- › **BI and analytics.** The ability of these platforms to report detailed subscription-related metrics such as annual recurring revenue (ARR), bookings, subscriber churn, retention rates, and customer lifetime value (CLV) are of paramount importance to the product owners and lines of business responsible for the rollout of new subscription products.
- › **Billing.** Renewing existing customers is not an easy process. Subscription billing platforms have a number of tricks up their sleeve to ensure that consumer payment types (especially credit cards) can be successfully billed each cycle. Typical services include email reminders (sent prior to the

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expiry of the subscription period), card number updating (in the case of expired or replaced cards) and authorization recycling (in the case of declined transactions). Managing these challenges effectively can have a positive impact on renewal rates, churn, and revenue.

- › **Account management.** For B2B scenarios, the end user is rarely the buyer. Active seats and usage stats need to be rolled up to ensure accurate billing to the right department, division, and cost center. eBusiness professionals selling products and services to corporate users must pay particular attention to these capabilities to ensure their subscription billing solution is corporate friendly. Furthermore, it is commonly required for a subscription billing platform to manage user entitlements, which in turn determine when services should be provisioned, cancelled, degraded, or temporarily disabled.

FIGURE 4 Understanding The Key Capabilities Of A Subscription Billing Platform

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Subscription Billing Platform Evaluation Overview

To assess the state of the subscription billing market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of eight top subscription billing vendors across a range of business and technology criteria.

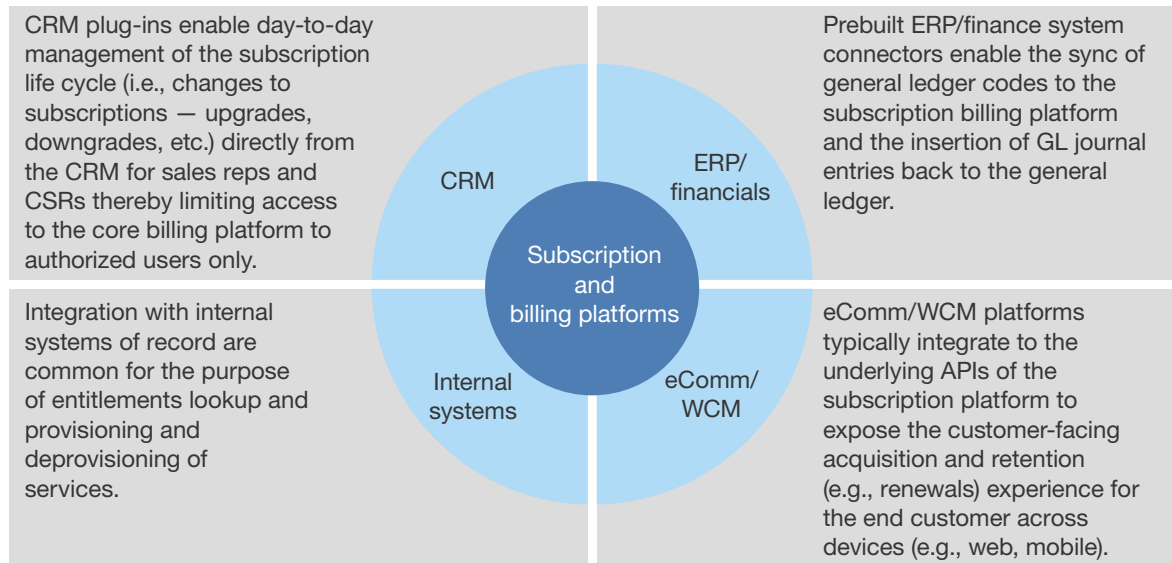
Strategies And Capabilities Differ: Criteria To Emphasize In The Vendor Selection Process

eBusiness professionals tasked with shortlisting vendors for subscription billing must understand that each vendor has different strengths in regard to:

- › **B2B versus B2C strategy.** Although all of the vendors evaluated have reference customers in both B2B and B2C industry segments, we found that Apttus, Aria Systems, goTransverse and SAP hybris were especially well suited to supporting complex B2B billing scenarios, while Zuora, Vindicia, Digital River, and Recurly had unique strengths in supporting consumer or hybrid B2C or B2C-focused subscription scenarios.
- › **Cloud architecture.** All of the vendors we evaluated, with the exception of hybris, were multitenant software-as-a-service (SaaS) applications. SAP hybris Billing, in this space, is rather uniquely a traditional single-tenant, on-premises application, which means additional scrutiny may be required in regard to data security.
- › **Usage-based business model capabilities.** All of the vendors we evaluated had robust support for almost every conceivable flavor of recurring subscriptions (including tiers, upgrades, downgrades, grace periods, etc.); however the maturity of the support for consumption/usage-based billing, with associated metering/rating engine tools for the calculation of usage increments, varied between the vendors.
- › **Verticalized specialties.** Although all of the vendors we evaluated have a diverse install base of clients from various industries, we found that each vendor has niche domain expertise in certain verticals such as IoT, healthcare, transportation and logistics, telco, high-tech, entertainment, and automotive.
- › **Financial reporting.** eBusiness professionals must ensure the CFO is a core stakeholder in the selection of a subscription billing platform. Five of the vendors we evaluated (Apttus, Aria, goTransverse, SAP hybris, and Zuora) had robust financial reporting and revenue recognition capabilities that allow them to operate as financial systems of record in regard to the subscription revenues they manage.
- › **Integration strategy.** Subscription billing platforms rarely live in isolation. At most enterprise organizations, these solutions must integrate closely with existing back- and front-office applications. Across almost every client implementation, we found four common integration points (see Figure 5).

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FIGURE 5 Subscription Billing Platforms Live In An Ecosystem Of Enterprise Applications

How The Evaluation Criteria Are Organized

After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of 40 evaluation criteria grouped by:

- › **Current offering.** We evaluated each offering against five core sets of criteria: solution architecture, subscription and recurring billing management, billing and payment, finance and revenue recognition, and reporting and analytics. Our evaluation is biased toward the maturity of the subscription and recurring billing and billing and payments criteria. In total, these two criteria account for 50% of the overall score weighting.
- › **Strategy.** We compared the strategies of each company with the needs of eBusiness executives, industry trends, and Forrester's forward-looking vision of the subscription billing market to assess how well each vendor is positioned for future success. We examined each vendor's vision, financial performance, delivery model, pricing, supporting services, innovation, partner ecosystem, and customer feedback.
- › **Market presence.** Many firms today support their subscription management with home-grown technology that can't scale with the business or lack the agility to support rapid innovation and testing of alternative business models. Together with their business technology (BT) counterparts, eBusiness executives must look for vendors that have a strong and stable installed base, demonstrate steady growth, and have a significant volume of subscriptions currently managed through their platforms. To determine the current market presence for our evaluation, we combined information about each vendor's customer base, revenues, and managed subscription revenues.

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Vendors Selected Meet Size And Enterprise Subscription Focus Criteria

Forrester included eight vendors in the assessment: Apttus, Aria Systems, Digital River, goTransverse, SAP hybris, Recurly, Vindicia, and Zuora with each of them able to demonstrate (see Figure 6):

› **A profitable or stable business with at least \$500 million in managed subscription revenues.**

To ensure that the vendors we evaluated will remain viable in this rapidly maturing market, Forrester limited its analysis to companies that have the resources and momentum to sustain themselves through variable market conditions. Each of these vendors processes at least \$500 million in annual subscription transactions on behalf of their clients, is profitable or has significant funding in place to support future growth, has at least 20 existing clients using the solution in support of either B2C or B2B channels, and has positive sales momentum.

› **A standalone solution that is not dependent on other enterprise applications.** Each of the solutions evaluated is a native recurring billing solution that is neither an add-on module nor dependent on an existing installation of an ERP, payment gateway, configure-price-quote (CPQ), or customer relationship management (CRM) application.

› **A focus on the needs of enterprise clients.** Beyond supporting niche subscription startup firms, the vendors we evaluated have a proven roster of enterprise clients with complex requirements for hybrid monetization models, multiple integration points with existing enterprise systems, and sophisticated analytical insights into subscription revenues.

› **Mindshare among the Forrester client base.** The vendors we evaluated are frequently mentioned in Forrester client inquiries, shortlists, consulting projects, and case studies.

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FIGURE 6 Evaluated Vendors: Vendor Information And Selection Criteria

Vendor	Product evaluated	Product version evaluated
Apttus	Apttus Billing	3.62
Aria Systems	Aria Cloud Billing and Active Monetization Platform	6.38
Digital River	Global Commerce	N/A
goTransverse	Tract	N/A
SAP hybris	SAP hybris Billing	hybris Billing 2015 — Q2 release
Recurly	Recurly Enterprise Subscription Billing	N/A
Vindicia	Vindicia CashBox and Vindicia Select	N/A
Zuora	Zuora	N/A

Vendor inclusion criteria

Over \$500 million in managed subscription revenue

Independent solution that does not rely on an underlying payment gateway

Focused on serving the needs of enterprise clients

The Results: We Uncovered A Surprisingly Mature Market

The evaluation uncovered a market in which (see Figure 7):

- › **Aria Systems, SAP hybris, and Zuora lead the pack.** These three vendors represent thought leadership and the associated market innovation. All three commonly go head-to-head in opportunities at both midmarket and enterprise firms and in both B2C and B2B monetization scenarios. These three vendors have a significant arsenal of reference enterprise clients and between them manage almost \$300 billion in subscription billing revenues on behalf of their clients. Each of the three has developed core industry vertical expertise in sectors such as IOT, healthcare, and telco and has established mature partnerships with global management consultancy and system integration firms. SAP hybris Billing is perhaps the odd one out in the pack as an on-premises application; however the solution comes with large reference accounts that are in some cases processing extreme volumes of subscription transactions and associated revenue.
- › **Apttus, Digital River, goTransverse, Recurly, and Vindicia offer competitive options.** Each of these vendors has a strong offering, but each comes with noteworthy caveats. Apttus is a native Salesforce application and as such will appeal to B2B firms standardizing their cloud infrastructures and applications on Salesforce or those who have already standardized their quoting and ordering

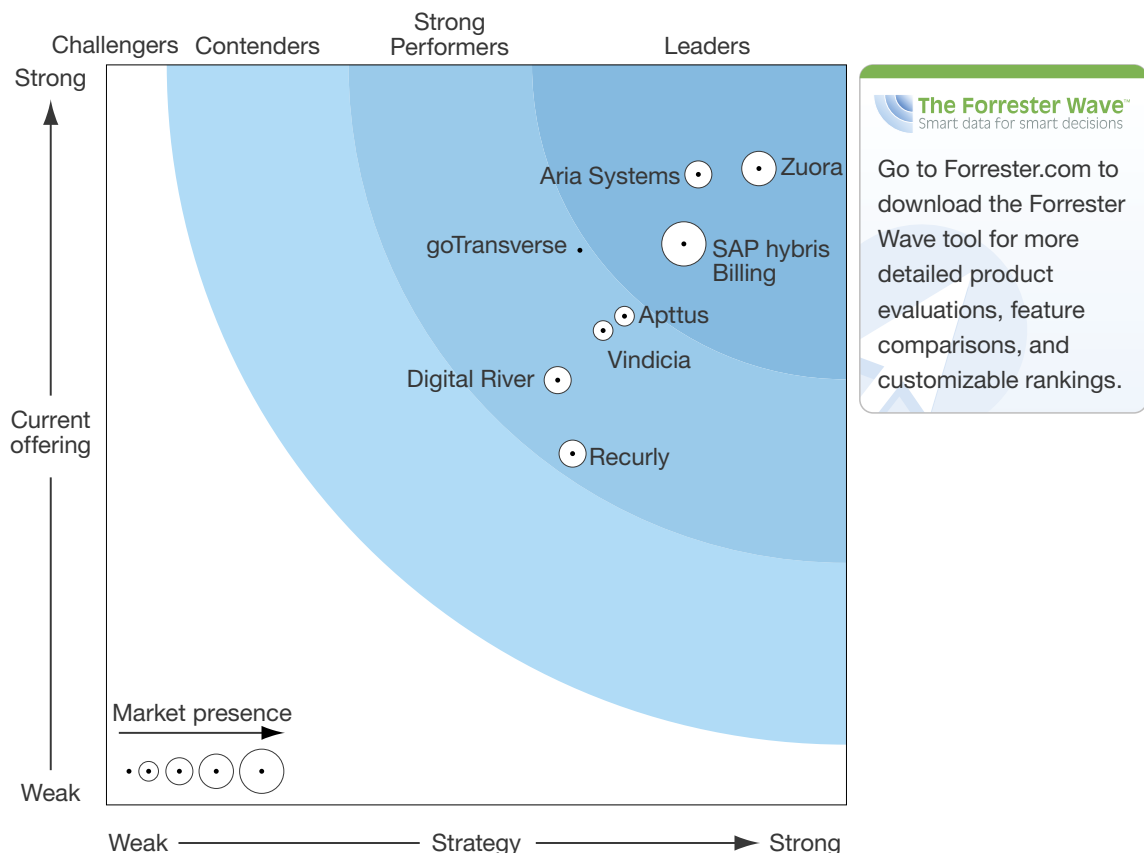
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processes on Apttus' CPQ platform. Digital River will be a strong fit for software firms looking to monetize cloud versions of their enterprise and consumer software suites across global markets. goTransverse will be a fit for large B2B-centric organizations with very bespoke business requirements who desire a solution with significant customization capabilities and a close working relationship directly with the vendor. Recurly will appeal to smaller firms that just want to get started quickly using their own development resources and without the expense and complexity of a drawn-out requirements gathering phase and associated implementation exercise. Finally, Vindicia is strong all around and will primary appeal to firms selling subscription services to consumers where a particular focus on revenue recovery and renewals is important.

This evaluation of the subscription billing market is intended to be a starting point only. We encourage clients to view detailed product evaluations and adapt criteria weightings to fit their individual needs through the Forrester Wave Excel-based vendor comparison tool. We also encourage clients to leverage their inquiry access to learn more about these solutions and to consider engaging with Forrester's consulting division to access our formal vendor selection methodology to assist with the vendor selection process.

FIGURE 7 Forrester Wave™: Subscription Billing Platforms, Q4 '15



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FIGURE 7 Forrester Wave™: Subscription Billing Platforms, Q4 '15 (Cont.)

	Forrester's Weighting	Apttus	Aria Systems	Digital River	goTransverse	SAP hybris Billing	Recurly	Vindicia	Zuora
CURRENT OFFERING	50%	3.30	4.27	2.87	3.75	3.79	2.37	3.21	4.30
Solution architecture	15%	3.00	4.25	2.80	3.35	3.55	2.60	3.40	4.30
Subscription and recurring billing management	35%	3.85	4.51	2.96	3.90	4.53	2.37	3.27	4.15
Billing and payments	25%	2.55	4.20	3.50	3.40	3.20	3.40	4.05	4.25
Finance and revenue recognition	15%	3.40	4.00	1.60	4.20	3.80	1.00	1.60	4.60
Reporting and analytics	10%	3.50	4.00	3.00	4.00	3.00	1.50	3.00	4.50
STRATEGY	50%	3.50	4.00	3.05	3.20	3.90	3.15	3.35	4.40
Vision	20%	3.00	5.00	3.00	3.00	4.00	2.00	3.00	5.00
Financial performance	5%	3.00	3.00	4.00	3.00	5.00	3.00	4.00	3.00
Delivery model	10%	4.00	5.00	4.00	5.00	3.00	4.00	4.00	4.00
Pricing	0%	3.00	2.00	3.00	3.00	1.00	4.00	4.00	3.00
Supporting services	15%	3.00	3.00	3.00	3.00	3.00	4.00	3.00	5.00
Innovation	20%	4.00	4.00	3.00	3.00	4.00	3.00	3.00	4.00
Partner ecosystem	10%	3.00	5.00	2.00	3.00	5.00	2.00	3.00	5.00
Customer feedback	20%	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
MARKET PRESENCE	0%	1.00	2.30	2.70	0.70	4.70	2.20	1.60	3.20
Customer base	30%	1.00	3.00	5.00	0.00	4.00	5.00	3.00	4.00
Revenue	30%	1.00	2.00	4.00	1.00	5.00	1.00	1.00	4.00
Managed subscription revenues	40%	1.00	2.00	0.00	1.00	5.00	1.00	1.00	2.00

All scores are based on a scale of 0 (weak) to 5 (strong).

Vendor Profiles

Leaders

- › **Zuora.** Founded in 2008 and now managing over \$10 billion in subscription revenues for its 400-plus live, in-production clients, Zuora has seen spectacular growth and established itself as a well-known player in the subscription management space. In fact, the company invests significant effort in thought leadership, coining terms such as “relationship business management” and helping clients figure out disruptive next-generation business models. Zuora has a broad vertical focus with particular strength in high-tech, telecom, media, and IoT markets. The company targets both midsize and enterprise B2B and B2C clients, but references say the platform is really designed for complex B2B scenarios and could be too complex for some clients with simpler business models.

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One of the strengths of the platform is its mature out-of-the-box integration with Salesforce. Business users can manage the subscriptions entirely through Salesforce, never needing to access Zuora directly. Another strength of the platform is Zuora's finance management capabilities: Zuora provides flexible support for complex general and subledger integration, a full revenue recognition module and rich dashboards and reporting tools for the CFO to gain detailed visibility into subscription performance. Zuora has recently launched Z-insights, an analytics solution designed to provide detailed insights into subscriber identities, segments, and behaviors. Zuora is in the process of maturing its quote-to-cash and CPQ capabilities, however some B2B clients with complex configuration scenarios (e.g., large and complex hardware catalogs) may instead decide to integrate with a best-of-breed CPQ solution. "Customers cited the strong network of implementation and consulting partners, including Accenture, as a differentiator although many customers still choose to work directly with Zuora's professional services organization.

- › **Aria Systems.** Aria focuses on helping large enterprises enable disruptive business models and transform existing models to take advantage of new recurring revenue market opportunities. The firm manages over \$11 billion in subscription revenues for its nearly 150 clients. It has a mix of B2B and B2C clients with a historic focus on telcos that has since diversified to automotive, healthcare, financial services, high-tech, IoT, media, and industrial clients. The platform is well suited to support consumption/usage-based billing, multidimensional product/service structures, and complex B2B environments that have multilayered account structures and hierarchies. The platform provides a high degree of flexibility for complex, hybrid subscription configurations and approvals via its embedded workflow tools and supports a diverse set of use case scenarios such as split billing between accounts and revenue sharing for partner channels.

Customers cite the core billing and invoicing capabilities as being very strong with good business intelligence tools and a robust set of web services to allow complex integrations with other back-office enterprise applications. Rapid time-to-market, intuitive business user tools, and a culture of transparency via the account managers were also cited as positives. The firm has a growing network of consulting and implementation partners that include the Big Five consulting firms and product integrations with NetSuite, Oracle, SAP, and Salesforce plus a growing relationship with Workday as well as a multitude of payment processors and taxation service providers. References did cite frustration at the lack of robust revenue recognition tools, however, the firm plans to build out a revenue recognition module as part of the 2016 product road map.

- › **SAP hybris.** In 2009, SAP acquired a French provider of real time billing solutions — Highdeal, which was subsequently merged with SAP's own billing revenue innovation management (BRIM) solution. Today the product is under transition again and has recently been moved under the stewardship of the firm's customer engagement and commerce (CEC) group and rebranded as SAP hybris Billing. Unlike the other solutions in this Forrester Wave, hybris Billing is only available as an on-premises enterprise application, although hybris plans to bring to market a new SaaS version of the product on the firm's new platform-as-a-service (PaaS) platform (called YaaS). Hybris Billing

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has some unique capabilities such as a pricing simulation tool which runs on SAP Hana and allows firms to optimize pricing strategies and test and simulate new business models against historical customer usage trends.

SAP hybris Billing will be a fit for large global enterprises with multiple product lines and complex subscription billing requirements and where future growth requirements may reach very high transaction volumes. As one reference cited, “We haven’t yet seen a billing/rating scenario it can’t handle.” Although it is well suited for B2B quote-to-cash scenarios, the solution also has a number of B2C deployments that commonly leverage a differentiated capability to manage revenue share with partners, including the payout of partner commissions in a marketplace of app and content partners, or to channel partners. The solution has a diverse customer base across industry verticals that include not only high-tech and telecommunications but also retail, financial services, professional services, transportation, and logistics. Customers cited that the dated business user tools impede agile deployment of new offers while the setup and deployment of complex new subscription models and charge plans is dependent on technical development resources.

Strong Performers

- › **GoTransverse.** Founded in 2008, goTransverse is a small company focused on big fish. Today, the firm processes over \$1 billion of annual transactions across its roster of 25 clients, of whom most are large >\$100 million enterprises, although the firm also targets fast growing online businesses such as OTT and video-on-demand (VOD) service providers. The product, called Tract, is a good fit for firms with complex B2B-centric, usage-based billing requirements where there may be a requirement to extend the platform using APIs to handle bespoke billing operations such as carrier billing.

Customers cite goTransverse’s domain expertise in complex, usage-based billing as a core differentiator. In fact, one reference we spoke to was a value added reseller (VAR) who is using Tract as a foundation to support its own industry vertical billing platform. Clients were complimentary of the strong relationship they have built with goTransverse and cite that the company has always been willing to make things happen (by sheer force, if necessary) to get projects delivered. This is perhaps a testimony to the flexibility of the platform and the API-centric development strategy. Clients commended the ease at which complex billing rules can be loaded in the system and stacked together — as one reference cited “once configured, it just works.” References did however cite frustration with weaknesses in the solutions and the ad hoc financial reporting capabilities and also maturity limitations with the out-of-the-box subledger capability.

- › **Apttus.** Founded in 2006, Apttus comes to market with a suite of products designed to manage the complete cash-to-quote lifecycle for B2B sales. The product portfolio is built upon and dependent on the Salesforce1 platform and includes separate but tightly integrated modules for CPQ, CLM, eCommerce, order management, and revenue recognition in addition to billing and recurring payments. All of the products in the suite can be sold and deployed separately, however, each uses a common data model and set of building blocks (e.g., product catalog). Although not dependent

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on one another, almost all customers of the billing module today also use the CPQ module (which references cited favorably). As a native Salesforce1 product, Apttus runs on a mature and scalable cloud infrastructure in addition to benefiting from a common UI with Salesforce and inheriting many native SF object types and associated capabilities such as accounts and contacts.

Apttus will be a good fit for B2B firms with complex usage-based subscription requirements who have already made a significant investment and commitment to Salesforce as a platform and have a vision for managing the entire quote-to-cash process under a single umbrella. References cite that the solution is maturing very quickly with a culture of rapid feature innovation, however concerns were raised about the lack of sophisticated out-of-the-box reporting and complicated licensing and pricing models when buying multiple modules in the suite.

- › **Vindicia.** Founded in 2003, Vindicia offers two product lines — Vindicia CashBox, its core subscription management platform, and Vindicia Select, its standalone revenue recovery service that takes declined transactions and runs them through Vindicia's proprietary retry algorithms. While all of the platforms offer revenue recovery tools, Vindicia is the only vendor to sell this service as a separate product that can be used in conjunction with an existing third-party subscription management platform. Subsequently the revenue recovery tools help clients with revenue uplift which in turn can make the total cost of ownership (TCO) of the Vindicia solution attractive. Vindicia is largely focused on B2C products and services, with considerable traction in the market for over-the-top (OTT) services and also caters to B2B customers using electronic payments (e.g., credit card, ACH, PayPal, etc.). Customers say Vindicia is a good partner for them. In fact, one said: "Account management is the strongest piece of what they've offered. We like our relationship with them. We trust them."
- › **Digital River.** Founded in 1994, Digital River has a long history of supporting software firms as they migrate from perpetual licensing models to SaaS-based subscription business models. In recent years, the company has expanded its focus to support the commerce needs of B2C digital services firms and branded manufacturers in B2C scenarios, broadening its support of usage-based billing scenarios. Today, the company is managing \$600 million in subscription revenues. Digital River is different from most of the vendors on the list in that the solution is a commerce platform and can act as the front-end "glass" for the customer acquisition and renewals channels in addition to powering the subscription billing back end. The solution has rich subscription management functionality which enables granular tuning of subscription models and a clean, user-friendly UI which will be a good fit for business users without a technical background.

Digital River acts as the merchant and seller of record for the majority of its clients. As such, it doesn't have a general ledger/subledger component to its solution. References found the manual labor necessary to reconcile the standard GL templates from the solution into their ERPs quite burdensome. Digital River also offers a full-service payments solution so it can act as the payment service provider in addition to managing subscriptions. It also offers a global risk and compliance

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service called “commerce business infrastructure,” so it can appeal to firms selling subscriptions globally. In fact, references cite global expertise — from payment methods to checkout flows — as a major strength of working with Digital River.

- › **Recurly.** Founded in 2009, Recurly is the youngest platform included in this research. The technology stands out from the pack in its nimbleness: Developers can simply sign up on the website, get a sandbox, and move into production, all without Recurly’s overt involvement. The platform is an SOA-based PaaS environment that leverages technologies including Java, Scala, and Node.js with multiple releases per week. Recurly works via a client self-service model: a simple, easy-to-understand data model, clean UI tools, and live-chat help in the platform. In fact, one reference said, “If you have smart developers, you don’t need anything from them!” The firm has a mix of B2C and B2B clients, however the latter is made up primarily of firms selling subscription products and services to small and medium-size businesses (SMBs) where the buyers are using corporate credit cards (i.e., limited invoicing).

The solution is a great fit for SMB firms, but Recurly is also seeing traction with enterprise firms looking for a subscription platform to support smaller business units. Customers often adopt Recurly’s revenue recovery tools first, then expand their relationship with the company from there. The platform isn’t designed to support complex usage-based models or B2B models with multitiered account hierarchies. And while enterprise customer references say the platform has to strengthen its revenue management capabilities if it wants to move upmarket, they’re happy with how smart, reliable, and simple the technology is to use. Also, customers say they like how accessible and responsive their Recurly contacts are.

Other Vendors Worthy Of Consideration

In addition to a ballooning number of new entrants in the subscription billing market, other solution categories including digital eCommerce vendors, payment service providers, and CRM applications are increasingly hustling in on the lucrative market for subscription revenue management. Beyond the eight vendors featured in this research, eBusiness professionals may also wish to consider these alternative solutions:

- › **SMB-focused recurring billing platforms.** Forrester identified a long-tail of SaaS recurring billing solutions including jBilling, Zoho Subscriptions, FuseBill, Cerillion Skyline, Chargify, Chargebee, and Chargeover, however none of these vendors met our minimum requirement of \$500 million in managed subscription revenue to qualify for inclusion in the report.
- › **Digital eCommerce platforms.** In addition to Digital River (which was included in the report due to its heritage in subscriptions and the ability to meet our managed subscription revenue inclusion criteria), other digital eCommerce platforms including Avangate, Cleverbridge, and FastSpring offer sophisticated subscription- and consumption-based billing capabilities primarily targeted at software and services firms.

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- › **Payment service providers.** Payment service providers (PSPs) like BlueSnap, Braintree, Cybersource, and Vantiv all support basic recurring billing subscription capabilities but lack support for usage-based billing, revenue recognition, and other advanced capabilities. PSPs may be a fit for firms that either have very simple monthly-based subscription requirements or wish to develop a home-grown solution for subscription billing that leverages the foundational payment processing capability of a PSP.
- › **Niche vertical-focused solutions.** This category encompasses vendors with a niche focus on serving a single industry sector. This includes, for example, Ordergroove, which targets online retailers and consumer packaged goods (CPGs) companies wishing to develop subscription box replenishment models for household goods, apparel, groceries, beverages, baby products, cosmetics, and more.
- › **Operations and business support systems (OSS/BSS).** Niche OSS/BSS solutions exist to support specific verticals, including the telecommunications industry, utilities, government, and healthcare. Vendors such as Amdocs, IBM, Oracle, and SAP offer suites of solutions that cater to this market.

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Supplemental Material

Online Resource

The online version of Figure 7 is an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

Data Sources Used In This Forrester Wave

Forrester used a combination of four data sources to assess the strengths and weaknesses of each solution:

- › **Hands-on lab evaluations.** Vendors spent one day with a team of analysts who performed a hands-on evaluation of the product using a scenario-based testing methodology. We evaluated each product using the same scenario(s), creating a level playing field by evaluating every product on the same criteria.
- › **Vendor surveys.** Forrester surveyed vendors on their capabilities as they relate to the evaluation criteria. Once we analyzed the completed vendor surveys, we conducted vendor calls where necessary to gather details of vendor qualifications.
- › **Product demos.** We asked vendors to conduct demonstrations of their product's functionality. We used findings from these product demos to validate details of each vendor's product capabilities.
- › **Customer reference calls.** To validate product and vendor qualifications, Forrester also conducted reference calls with two of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and we encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final

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scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve. For more information on the methodology that every Forrester Wave follows, go to <http://www.forrester.com/marketing/policies/forrester-wave-methodology.html>.

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