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The Forrester Wave™: Recurring Customer And Billing Management, Q3 2017

Customer-Centric Billing Solutions Move Beyond Subscriptions To Enable Recurring Customer Relationships

by Lily Varon
July 31, 2017

Why Read This Report

In our 35-criteria evaluation of recurring customer and billing management providers, we identified the nine most significant ones — Apttus, Aria Systems, BillingPlatform, Digital River, goTransverse, Oracle, SAP Hybris, Vindicia, and Zuora — and researched, analyzed, and scored them. This report and the associated downloadable tool show how each provider measures up and helps digital business strategy professionals choose the products that best fit their needs.

Key Takeaways

Zuora, goTransverse, And Aria Systems Lead The Pack

Forrester's research uncovered a market in which Zuora, goTransverse, and Aria Systems lead; BillingPlatform, Apttus, SAP Hybris, and Digital River follow close behind; and Oracle and Vindicia offer competitive solutions for specific needs.

Leaders Want Flexible Software To Manage Recurring Billing And Customer Needs

This market is growing because more digital business professionals see this software as a way to manage innovative business models and solve acute billing pain points with increasingly empowered customers.

Agility, Automation, And Analytics Are Key Differentiators

As legacy technology becomes outdated and less effective, leading vendors will prove that they understand the customer experience impact of billing technology. How? These solutions will improve business agility for their buyers to react to changing market conditions; automate consequences to customer life-cycle changes; and provide actionable, recurring customer- and revenue-focused insights.

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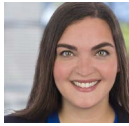
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Companies Focus On Building Relationships, Not Just Transactions

Business model change begets technology change: To support a business model change, 40% of global decision makers and influencers whose priority is to increase influence and brand reach in the market say they need to adopt new technology (see Figure 1). Furthermore, 29% plan to adopt a recurring revenue-based business model in the next 12 months.

Enter the recurring customer and billing management platform. Why must a billing platform enable recurring customer relationships? Well, as a digital business leader at a US insurer told us, "My billing and payments team is tactical, not strategic. But my billing experience is my top touchpoint. It's where I make or break my business goals so it's where I need to advance my strategy."

FIGURE 1 Firms Need New Technology To Support New Business Models

"You said that changing your business model was a priority for the coming year. What action is your firm taking to achieve this objective?"

Adopt new technology to enable our business model change	40%
Change the organizational structure of our company	34%
Update processes to complement the business model (e.g., waterfall development changes to Agile)	33%
Undertake a digital transformation	33%
Plan to or acquire a disruptive competitor solution	30%
Adopt a recurring revenue-based business model (e.g., subscription, usage- or consumption-based, or a hybrid of these)	29%
Hire a consulting firm to assist in defining and/or implementing our business model	28%

Base: 4,734 business and technology decision makers and influencers whose firms are prioritizing changing their business model in the next 12 months
(multiple responses accepted; not all response options shown)
Source: Forrester Data Global Business Technographics® Priorities And Journey Survey, 2017

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From Subscription Billing To Recurring Customer And Billing Management

In the 2015 Forrester Wave evaluation of this market, Forrester called this technology category
"subscription billing platforms."[1] However, the term "subscription billing" is now too limiting for what
these solutions manage:

› **Subscriptions aren't for every company — but recurring relationships are.** These solutions
have shifted the focus away from traditional subscriptions and toward how companies design,
launch, and manage *any* business model. Business models now include hybrid models that
combine one-time transactions, subscriptions,
and usage/consumption rating. For example, Lyft
is not a subscription business — but it needs a
billing platform that supports multidimensional
business models with a focus on recurring
customer relationships. Why? Lyft keeps the card
on file, works with variable charges based on time
and distance and surge charging calculations, and
has recurring customer relationships.

› **Business models and billing are tools for
customer relationship building.** Slack uses a
"fair billing policy" to build trust with its business
product customers and prospects — with credits
and prorated charges for any inactive or new users in the month so businesses only pay for what
they use.[2] Recurring customer and billing management solutions will not determine the right
business model for you, but they do deliver a combination of agility, automation, and analytics that
facilitate business model innovation and managing recurring customer relationships.

> "My billing experience . . . is where I make or break my business goals, so it's where I need to advance my strategy." (Digital business leader at a US insurer)

The Biggest Business And Technology Trends Drive Recurring Customer Relationships

The age of the customer is pushing firms of all sizes and across all industries to adopt more recurring
relationships with their customers. To establish and nurture their customer relationships, businesses
now must:

› **Get closer to the empowered customer.** Ford has moved from thinking of itself as an auto
company to an "auto and mobility company."[3] Why? Rather than focusing on just the one-time car
purchase or the driving experience in isolation, Ford wants to be a part of the customer's journey
throughout the day, "from home to desk to bed" and everywhere in between.[4] The company
understands that recurring customer relationships create more opportunities for insights because
there are more touchpoints with which it can collect data. In turn, that data is key to understanding
and improving the experience for today's empowered customer.[5] And Ford isn't alone in thinking this
way: Of global decision makers and influencers whose priority is to increase influence and brand
reach in the market, 34% plan to increase the frequency of customer engagement (see Figure 2).[6]

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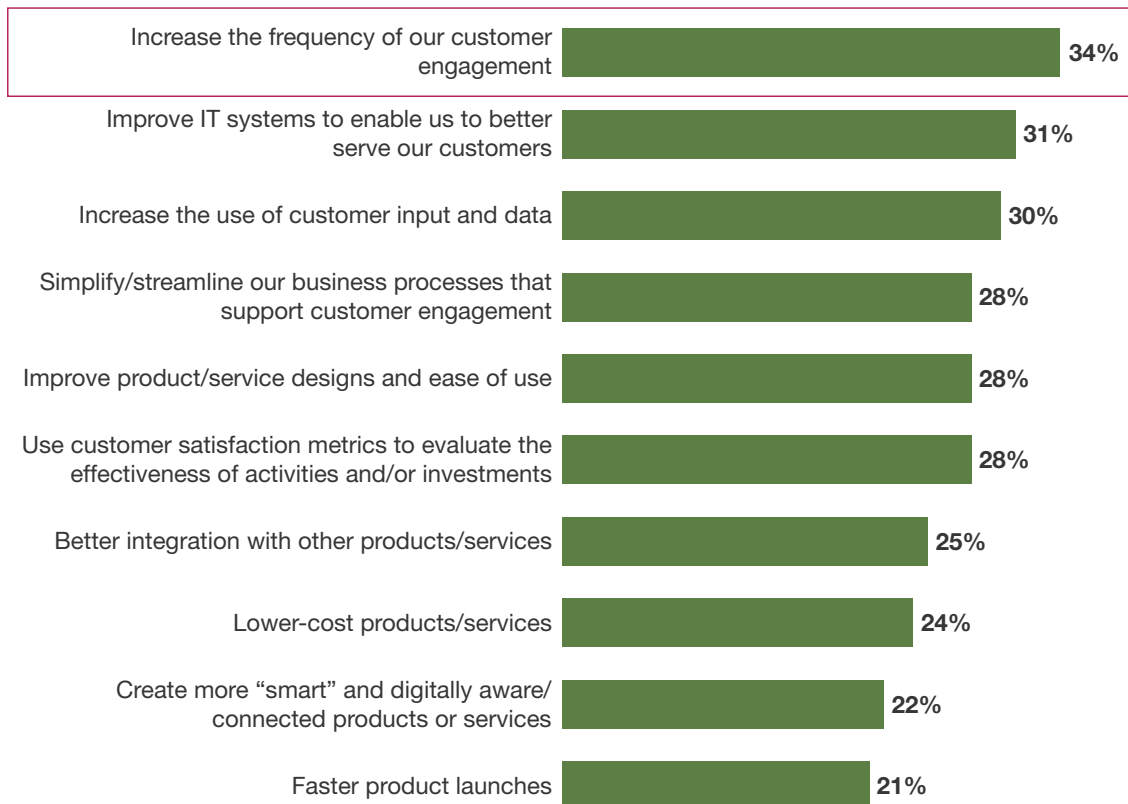Customer Relationships

› **Find new revenue streams and diversification.** CLEAR recently expanded its expedited security membership program beyond airports to entertainment venues. This move adds value for existing CLEAR members and also opens new revenue streams in the data that it can sell to those venues (e.g., customers in attendance and what they're buying). Smart businesses find ways to use data and technology to provide value to customers, either by increasing the digital content of existing physical products or by introducing new services or commercial models.[7] Often, this move adds recurring business models to the company's portfolio and/or adds complexity to billing requirements.

› **Experiment with the internet of things (IoT).** Giants and startups alike from Caterpillar to Canary are using subscriptions and consumption-based business models to monetize their new service offerings around connected devices and machinery.[8] In fact, 40% of global business and technology decisions makers and influencers say developing smart connected products or assets is a priority over the next 12 months (see Figure 3). The IoT brings another wave of business model innovation as firms build entirely new service offerings to be packaged with connected devices, from real-time monitoring to preventative maintenance and predicting usage.[9]

› **Capitalize on the cloud.** As B2C and B2B digital business professionals migrate or reinvent software products, business, and consumer services for the cloud, they invariably migrate to subscription- or usage-based monetization models. Fifty percent of global business and technology decision makers and influencers say increasing the use of cloud is a priority over the next 12 months.[10] In 2017, we expect software-as-a-service (SaaS) spend in particular to be more than 1.5 times that of license software.[11]

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FIGURE 2 To Meet Rising Customer Expectations, Firms Turn To Recurring Customer Relationships

"You said addressing rising customer expectations was an important initiative. What actions is your firm currently taking or planning to take to accomplish that?"

Increase the frequency of our customer engagement	34%
Improve IT systems to enable us to better serve our customers	31%
Increase the use of customer input and data	30%
Simplify/streamline our business processes that support customer engagement	28%
Improve product/service designs and ease of use	28%
Use customer satisfaction metrics to evaluate the effectiveness of activities and/or investments	28%
Better integration with other products/services	25%
Lower-cost products/services	24%
Create more "smart" and digitally aware/connected products or services	22%
Faster product launches	21%

Base: 4,161 global business and technology decision makers and influencers whose firms are prioritizing addressing rising customer expectations in the next 12 months
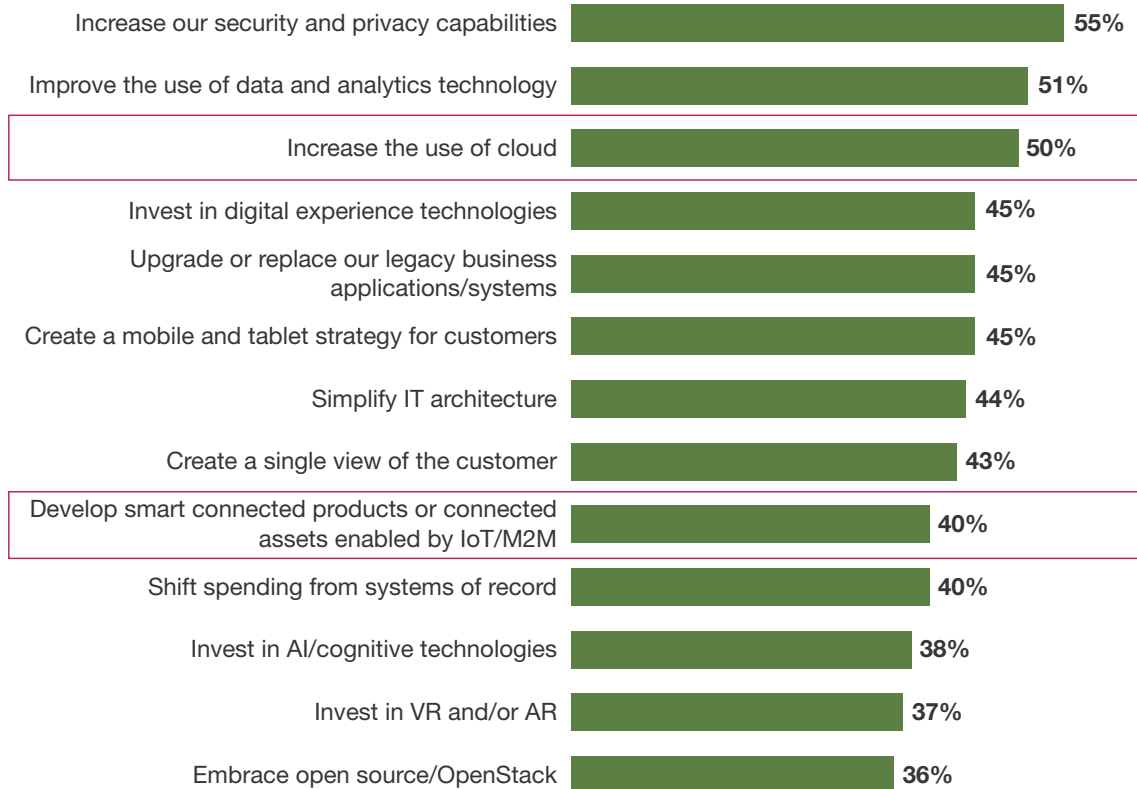(multiple responses accepted; not all response options shown)
Source: Forrester Data Global Business Technographics® Priorities And Journey Survey, 2017

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FIGURE 3 Cloud And IoT Are Precursors To Recurring Business Models

"Which of the following technology initiatives is your IT organization prioritizing over the next 12 months?"
(4 or 5 on a scale of 1 [not on our agenda/low priority] to 5 [critical priority])

Initiative	Percentage
Increase our security and privacy capabilities	55%
Improve the use of data and analytics technology	51%
Increase the use of cloud	50%
Invest in digital experience technologies	45%
Upgrade or replace our legacy business applications/systems	45%
Create a mobile and tablet strategy for customers	45%
Simplify IT architecture	44%
Create a single view of the customer	43%
Develop smart connected products or connected assets enabled by IoT/M2M	40%
Shift spending from systems of record	40%
Invest in AI/cognitive technologies	38%
Invest in VR and/or AR	37%
Embrace open source/OpenStack	36%

Base: 18,277 business and technology decision makers and influencers
Source: Forrester Data Global Business Technographics® Priorities And Journey Survey, 2017

Billing Solutions Need To Deliver Agility, Automation, And Analytics

The leading recurring customer and billing management platforms will improve business agility for their buyers to react to changing market conditions; automate consequences to customer life-cycle changes; and provide actionable, recurring customer- and revenue-focused insights. They support agility, automation, and analytics within their core functional areas as well as across them (see Figure 4).

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FIGURE 4 Modern Billing Platforms Support Agility, Automation, And Analytics Within And Across Core Functions
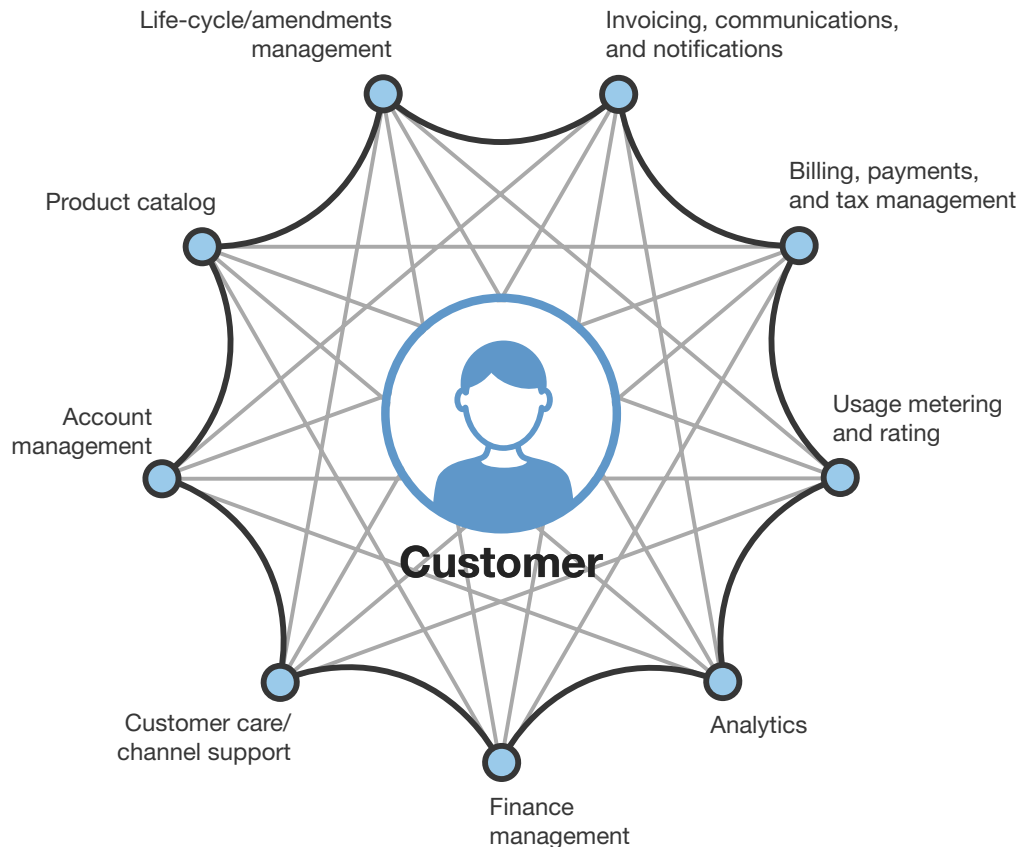
Businesses Are Looking For Flexibility To Keep Up With The Pace Of Change

During this vulnerable period of digital business transformation, businesses need core billing functions (managing who is billed, for what, for how much, their payment methods, when they're billed, etc.) that are highly configurable and easy to change. Successful solutions must provide:

› **Agility, usability, and ease of maintenance.** The impetus for investment in new billing technology comes from companies' need to move more quickly and be more flexible. SaaS is the software model of the digital era, with benefits such as time-to-market and automatic updates.[12] Traditional on-premises billing solutions manage business model complexity at scale, but we see on-premises solutions going by the wayside as multitenant SaaS technology proves itself further in enterprise environments.[13] User-friendly interfaces and straightforward processes mean businesses don't have to limit staffing to specially trained employees with previous experience using specific tools.

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› **Flexible account and product catalogs.** These billing solutions enhance the account management and product catalog capabilities of the customer relationship management (CRM) and eCommerce solutions. They decouple components like payment responsibility and product/service ownership, which lets a company make changes in account hierarchies or family accounts without losing precious account history data. In addition, the product catalog, bundling, and governance allow for flexible product and pricing setups. For example, these catalogs support a base product, versions of the product, various rating plans (e.g., by geography or customer segment), and multi-attribute pricing (using multiple inputs like time of day and day of week to determine pricing, etc.) without SKU proliferation.

› **Metering and rating in any unit of measurement.** Clients with usage or consumption in their business models expect their recurring billing platform to ingest vast amounts of raw-usage data from those devices, services, and products. These companies then need to meter and rate raw usage data according to the specific pricing plans of the account or end customer. The platforms work with mediation engines to ensure that the data is ingestible, and rating logic and rate calculation must take cues from the product and account catalogs to determine billing implications and manage the impact to entitlements, provisioning, and the customer life-cycle impact.

Key Areas Of Functionality In These Solutions Are Often Directly Tied To Other Systems

At most enterprise organizations, the billing systems that we evaluated must integrate closely with existing back- and front-office applications while also relying on data and cues from other systems to enhance their own functionality. These solutions play a significant role in augmenting and enhancing other systems for more recurring customer relationships and recurring business models. They need to be tightly integrated with, and extensible to, systems like CRM, eCommerce, payments, enterprise resource planning (ERP), and others to provide:

› **Actionable, recurring customer-focused analytics.** Product owners and lines of business responsible for rolling out new products or new business models need advanced (if still immature) analytics like predictive churn, comprehensive customer health assessments, and prescriptive insights. Currently, these platforms do a good job of reporting recurring customer- and revenue-related metrics such as annual recurring revenue (ARR), customer churn, retention rates, and customer lifetime value (CLV).

The leaders improve business agility; automate consequences to customer life-cycle changes; and provide actionable, recurring customer- and revenue-focused insights.

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› **Automated customer life-cycle management.** These solutions automate the consequences of a change in the life of a customer (e.g., upgrade/downgrade, add-ons, changing bill cycle day, payment terms, and charge types or other modifications). The consequences may include amendments to customer accounts, products, or services; prorating or crediting charges; and the downstream service, financial, or legal/contractual impacts of customer life-cycle changes. Additionally, the solutions allow business users to make amendments immediately, retroactively, and/or queued for automatic processing in future dates, while also monitoring and acting on key events over the customer life cycle.

› **Performance tracking and finance management.** The effective dates of the new ASC606 and IFRS15 accounting standards are looming, in turn renewing the emphasis on revenue recognition and finance management.[14] Financial metrics 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 general ledger (GL) system, so the CFO may require access to detailed key performance indicators and reports directly from the billing solution itself — relying on it as a "second tier" to incumbent ERP and GL systems.

Recurring Customer And Billing Management Evaluation Overview

To assess the state of the recurring customer and billing management market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top recurring customer and billing management vendors. After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We evaluated vendors against 35 criteria, which we grouped into three high-level buckets:

› **Current offering.** Each vendor's position on the vertical axis of the Forrester Wave graphic indicates the strength of its current product offering. We looked at the strength of each vendor's product across a spectrum of recurring billing capabilities, such as recurring billing and payments management, recurring customer management, architecture, financial controls, insights, and reporting.

› **Strategy.** Each vendor's position on the horizontal axis indicates our assessment of its strategy. We compared the strategies of each company with the needs of digital business executives, industry trends, and Forrester's forward-looking vision of the recurring customer and billing market to assess how well each vendor is positioned for future success. We examined each vendor's product vision and corporate focus, road map planning, innovation road map, supporting products and services, partner ecosystem, delivery model, and commercial model.

› **Market presence.** The size of each vendor's bubble on the Forrester Wave graphic indicates its market presence. We gauged the size of each vendor's market presence in terms of installed base, revenue, managed subscription/recurring revenues, and global presence.

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Evaluated Vendors And Inclusion Criteria

Forrester included nine vendors in the assessment: Apttus, Aria Systems, BillingPlatform, Digital River, goTransverse, Oracle, SAP Hybris, Vindicia, and Zuora. Each of these vendors has (see Figure 5):

› **An enterprise focus.** Beyond supporting niche subscription startup firms, the vendors we evaluated have a proven roster of enterprise clients ($100 million in annual revenues or more) with complex requirements for hybrid monetization models, multiple integration points with existing enterprise systems, and sophisticated analytical insights into recurring customers and revenues.

› **Managed recurring revenues.** To ensure that the vendors we evaluated would 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 $750 million in annual recurring revenues on behalf of its 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.

› **Industry reach.** Each of the solutions that we evaluated has diverse industry representation in its client base, which we defined as follows: 61% or more of the client base is not concentrated in telecommunications or media and communications industries.

› **An independent solution.** Each of the solutions that we 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, or CRM application.

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FIGURE 5 Evaluated Vendors: Product Information And Selection Criteria

Vendor	Product evaluated
Apttus	Apttus Billing 4.5
Aria Systems	Aria Cloud-based Billing and Monetization Platform Version 10.2
BillingPlatform	BillingPlatform 7
Digital River	Global Commerce
goTransverse	TRACT v 1.32.3
Oracle	Oracle Communications Billing and Revenue Management (BRM) 7.5
SAP Hybris	SAP Hybris Billing 1611
Vindicia	Vindicia CashBox 20.0.5
Zuora	Zuora Nine

Vendor inclusion criteria

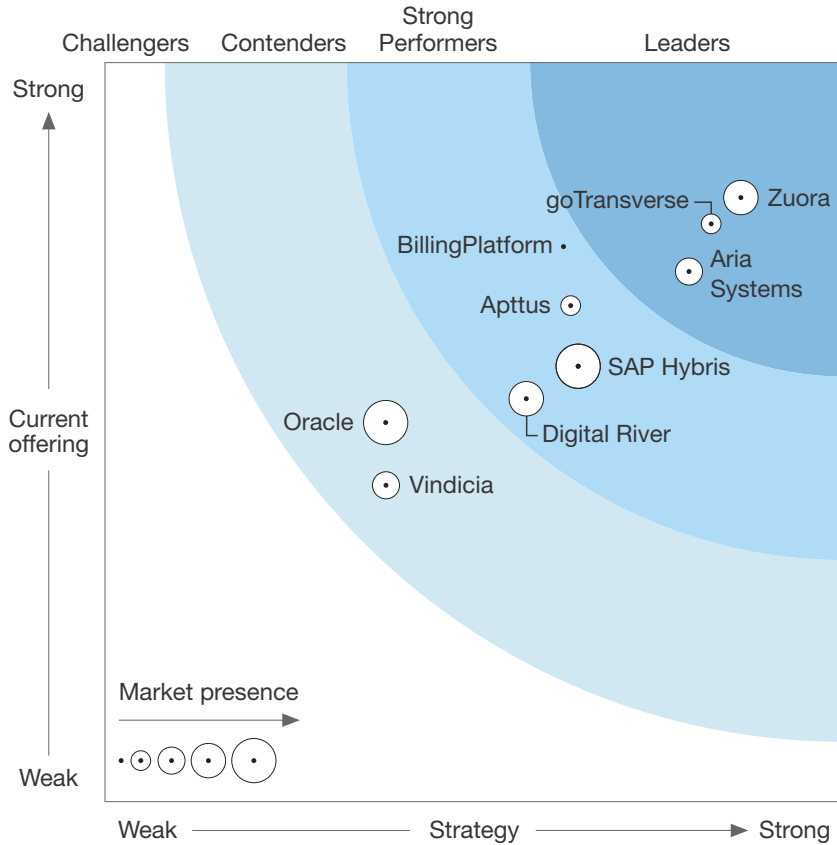| |
|---|
| The vendor illustrates a strong focus on the needs of enterprise recurring revenue businesses. |
| The vendor processes over $750 million in managed recurring revenues on behalf of its clients. |
| The vendor's client base is diverse and not overly concentrated (61% or more) on telecommunications or media and communications industry customers. |
| The vendor's product is an independent solution that does not rely on an underlying payment gateway, CRM, or ERP solution. |

Vendor Profiles

This evaluation of the recurring customer and billing management 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 (see Figure 6). Download this tool by clicking "Save" on the following figure and then "Download XLS."

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FIGURE 6 Forrester Wave™: Recurring Customer And Billing Management, Q3 '17

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FIGURE 6 Forrester Wave™: Recurring Customer And Billing Management, Q3 '17 (Cont.)

	Forrester's weighting	Apttus	Aria Systems	BillingPlatform	Digital River	goTransverse	Oracle	SAP Hybris	Vindicia	Zuora
Current offering	50%	3.35	3.58	3.75	2.72	3.90	2.56	2.94	2.14	4.08
Recurring billing and payments management	25%	3.00	3.60	4.05	2.70	4.25	2.75	3.35	2.70	3.70
Recurring customer management	25%	4.10	3.95	4.35	2.45	4.00	2.75	2.50	1.70	4.20
Architecture	15%	4.25	2.88	2.63	3.75	3.63	3.38	3.50	2.88	4.13
Financial controls	15%	3.60	4.40	4.40	1.80	4.60	3.20	5.00	1.40	4.60
Insights and reporting	20%	2.00	3.00	3.00	3.00	3.00	1.00	1.00	2.00	4.00
Strategy	50%	3.15	3.95	3.10	2.85	4.10	1.90	3.20	1.90	4.30
Product vision and corporate focus	35%	3.00	5.00	5.00	3.00	5.00	1.00	3.00	1.00	5.00
Road map planning	5%	3.00	3.00	1.00	3.00	3.00	2.00	3.00	3.00	3.00
Innovation road map	15%	3.00	4.00	3.00	3.00	5.00	2.00	4.00	2.00	5.00
Supporting products and services	25%	3.00	2.20	0.40	2.00	2.20	1.80	3.00	1.80	3.40
Partner ecosystem	5%	5.00	5.00	2.00	1.00	5.00	5.00	5.00	2.00	5.00
Delivery model	10%	4.00	5.00	5.00	5.00	5.00	3.00	3.00	4.00	4.00
Commercial model	5%	2.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00	3.00
Market presence	0%	1.95	2.35	0.75	3.45	1.35	4.55	4.85	2.10	3.75
Installed base	30%	2.50	3.50	1.50	4.50	1.50	3.50	4.50	3.00	4.50
Revenue	30%	1.00	2.00	0.00	5.00	1.00	5.00	5.00	2.00	5.00
Managed subscription/ recurring revenues	30%	2.00	2.00	0.00	1.00	1.00	5.00	5.00	1.00	2.00
Global presence	10%	3.00	1.00	3.00	3.00	3.00	5.00	5.00	3.00	3.00

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

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Leaders

› **Zuora is a thought leader, and the platform supports customers as they scale.** Based in San Mateo, California, Zuora has a strong focus on thought leadership and innovation. The company has an aggressive product vision and road map with a goal to augment and enhance every business process and technology in the order-to-cash chain for subscription businesses. To this end, Zuora is moving to a microservices architecture. Additionally, its Connect marketplace provides applications that deliver advanced or more niche functionalities so customers can configure the right combination of functionalities for their businesses.[15] Although it occurred after our evaluation concluded, Zuora acquired a revenue recognition solution, Leeyo, to manage advanced revenue recognition requirements like multi-element accounting. Zuora's strength lies in the breadth of billing functional areas that it supports well and in its mature out-of-the-box (OOB) integration with Salesforce.

Customer references trust Zuora's leadership and vision for the product, though they griped that as the company has grown, operations have suffered, specifically in account management. Additionally, firms with complex rating logic in their business models may require a third-party rating engine.

Zuora's solution is good for firms with investments in Salesforce and firms with flexible billing needs that don't require rating at scale. Additionally, Zuora's product line allows firms whose business models may become more complex in the future to avoid future replatforming by graduating from the baseline Zuora product edition, Growth, to Enterprise and then to Nine (the full-featured edition) without disruption.

› **goTransverse shines in usage- or consumption-based rating and billing scenarios.** Based in Austin, Texas, goTransverse has a small but mighty footprint: Its roster of 35 customers is processing over $3 billion in recurring revenues through the TRACT platform. goTransverse is laser focused on serving customers with complex business models that contain elements of usage or consumption and multi-attribute rating rules. goTransverse recently introduced microservices as a part of its architecture to increase the flexibility with which its customers can leverage the components of its solution.

Customer references note the company's core strengths in complex rating and account management and support services, both in terms of functionality and the goTransverse team's domain expertise. While they feel that the company supports them well technically and tactically, customers want more consultative and strategic support. Its focus on B2B companies with complex business models means weak support for electronic payments. However, the solution's weakest point is its business user tools, which aren't simple to navigate. To address these issues, goTransverse is in the midst of a user interface (UI) redesign, and its customer service representative (CSR) portal has already improved.

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TRACT is a good fit for firms with complex B2B-centric, usage-based billing and rating requirements where there may be a requirement to extend the platform using APIs or microservices to handle bespoke billing operations such as carrier billing.

› **Aria Systems partners with its customers and manages automation well.** Headquartered in San Francisco, Aria Systems has a vision to help large enterprises implement business models and billing processes that can be based on an unlimited number of dimensions and controlled by highly configurable parameters. Indeed, the platform provides a high degree of flexibility for business model configurations and life-cycle management (i.e., managing amendments to customer accounts, products, or services and automating the consequences of customer life-cycle changes).

Customer references told us that the product catalog is very flexible and well designed for recurring business models, and the configurable dunning engine lets them be very strategic about how they handle delinquent customer accounts. Customers are also pleased with the solid partnership with their account management and professional services teams at Aria, calling Aria a true "partner." However, customers also said that the company needs to improve its business insights and reporting tools.

Aria Systems is a good fit for businesses with multidimensional products/services that sell to companies with multilayered account hierarchies, especially where English-only business user tools are acceptable and configurable dunning is a key requirement.

Strong Performers

› **BillingPlatform is a newcomer with a flexible platform for tech-savvy firms.** With its product launch in 2012, Englewood, Colorado, based BillingPlatform is a relative newcomer to the billing category. As such, it has a small footprint of 40 customers, but its revenues grew 50% from 2015 to 2016. The solution is highly configurable and includes a native metering and rating engine that supports unique and complex business models. BillingPlatform targets enterprise clients with complex business models in the communications, transportation, and high-tech industries.

Customer references were very happy with the ability to process high usage volumes in real time and configure very specialized pricing models. They told us that the solution was flexible and configurable, if not always intuitive, and noted that a background in coding helps for setup, configuration, and maintenance. They observed that the company needs to develop its professional services offering and expand its account management resources if it wants to sustain growth.

BillingPlatform is a good fit for developer- or IT-led billing technology initiatives where real-time usage metering and rating are key requirements.

› **Apttus' billing management is compelling for customers of its other products.** Known more for configure-price-quote (CPQ) and contract life-cycle management (CLM), San Mateo, California, based Apttus made recent strides into eCommerce and billing, collectively known as "Quote-To-Cash" within the company. These newer ventures complement its core CPQ and CLM businesses,

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and customer references cited their love for the end-to-end solution across commerce, CPQ/CLM, and billing. Almost all customers of the billing module today also use the CPQ module, although the two products don't depend on one another.

Customer references cited frustration with licensing complexity, as well as a lack of maturity with Apttus' professional services on the billing side.

The Apttus solution is good for existing Apttus customers or B2B clients where configuration and approvals are critical to selling process. Apttus was previously only relevant to firms using Salesforce because it was a native Force.com product, but the company now has a native Microsoft offering, as well.

› **SAP Hybris Billing manages scale and complexity across a broad set of industries.** Based in Munich, SAP Hybris is a long-standing player in operations and business support systems (OSS/BSS) solutions. The solution evaluated for this Forrester Wave was its flagship billing solution, SAP Hybris Billing, which is available as on-premises or private cloud. In 2017, SAP Hybris also launched SAP Hybris Revenue Cloud, a SaaS-based offering for quote-to-cash.

The SAP Hybris Billing solution has a broad customer base across industry verticals that include high-tech and telecommunications, as well as retail, financial services, professional services, and transportation and logistics customers. The diversity of its enterprise customer base is a differentiator, not only by industry but also across B2B and B2C companies. Another differentiator for SAP Hybris Billing is its ability to manage revenue share with partners, including paying out partner commissions in a marketplace of app and content partners or to channel partners.

Customer references were satisfied with SAP Hybris' ability to manage the scale and complexity of their businesses. However, they noted that the dated business user tools impede agile deployment of new offers. Furthermore, the setup and deployment of complex new subscription models and charge plans depends on technical development resources. Customers noted that having knowledge and investments in other SAP products helped.

SAP Hybris is a good fit for large global enterprises that are already (or plan to be) invested in the SAP ecosystem and are looking for one solution to manage multiple product lines with complex billing requirements and very high transaction volumes.

› **Digital River handles global commerce and subscription management in one platform.** Unique among other recurring customer and billing management solution providers, Minnetonka, Minnesota, based Digital River is also a commerce platform and payment gateway. Digital River has a long history of supplying a commerce platform for B2C software vendors, helping its customers make the transition to subscriptions from perpetual licenses. The company is primarily B2C- and subscription-model-focused but has made recent enhancements to support customers with usage- or consumption-based business models or reseller/partner revenue sharing relationships. Digital River also acts as the merchant and seller of record, meaning it shoulders the tax and compliance

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burden for its customers. In July 2017, payments processor Worldline announced plans to acquire Digital River's World Payments business. Digital River will still have an integrated payment gateway for its subscription customers through its global commerce offering.

Customer references loved Digital River's global market and payments expertise, as well as the fact that they can rely on a single vendor for commerce, billing, and payments. Customers were particularly happy with the platform's autorenewal and involuntary churn management capabilities. However, they say they've encountered challenges managing midterm pricing or billing changes and have complained that the professional services seem to be stretched too thin — it's hard to get projects done expeditiously.

Digital River is a good fit for subscription companies looking for one solution for commerce and subscription management, especially if they have a traditional subscription model (e.g., tiered, flat-rate, fixed-term) and global footprint or global aspirations.

Contenders

› **Oracle BRM is a good choice for large IT-centric Oracle customers.** Oracle is based in Redwood City, California, and its Communication Billing and Revenue Management (BRM) is a stalwart player in OSS/BSS. BRM is an on-premises solution with a large footprint of clients. It has had particular success in the communications industry, and its domain expertise in telematics positions it well for capitalizing on the recent growth in connected cars and fleet management. It also has a strong footprint in financial services, cloud hosting, and media. Oracle also offers a cloud billing platform, Oracle Monetization Cloud, though it was not evaluated as a part of this research.

Customer references were pleased that BRM could reliably manage the complexities of their business models at scale and that, with the right IT resources in place, they could customize the solution. They did, however, say the technology feels dated and changes took a lot of time, money, and effort. Also, they felt constrained by needing staff with the specialized knowledge of the BRM technology to maintain it; otherwise, they had to rely on outsourcing.

BRM is a good fit for IT-led initiatives where familiarity already exists with Oracle or Oracle investments.

› **Vindicia's best-fit customers are in B2C media and entertainment.** Based in San Mateo, California, Vindicia offers two product lines: Vindicia CashBox and Vindicia Select. Vindicia CashBox is its core recurring customer and billing management platform. Vindicia Select is its standalone revenue recovery service that takes declined transactions and runs them through Vindicia's proprietary retry algorithms. Other vendors' platforms offer revenue recovery tools, but Vindicia is the only vendor to sell this service as a separate product that clients can use in conjunction with an existing third-party subscription management platform. OSS/BSS vendor Amdocs acquired Vindicia in 2016.

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Customer references noted the revenue recovery tools help with revenue uplift, which in turn
can make the total cost of ownership (TCO) of the Vindicia solution attractive. Customers raised
concerns about Vindicia's management of recent updates, citing problems with backward and
forward compatibility. They also raised concerns about a decline in account management and
service levels after the Amdocs acquisition last year.

Vindicia is a good fit for B2C companies, particularly those within over-the-top (OTT) services and
media/entertainment industries, or B2B customers with similar requirements that use electronic
payments (e.g., credit card, ACH, PayPal, etc.).

Other Vendors To Consider

In addition to a ballooning number of new entrants in the recurring customer and billing management
market, other solution categories, including digital eCommerce vendors, payment service providers,
and CRM applications, are increasingly hustling in on the lucrative market. Beyond the nine vendors
that we evaluated in this research, digital business professionals may also wish to consider these
alternative solutions:

› **Recurring billing platforms for scaling organizations.** Forrester identified SaaS recurring billing
  solutions including Chargebee, Chargify, Fusebill, and Recurly that support a wide range of small and
  medium-size businesses or lines of business within enterprise organizations across various industries.

› **Vertical-focused solutions.** Though many of these vendors now are broadening their industry
  focus, this category encompasses vendors with a historical focus on serving a single industry
  sector. This set of vendors includes OceanX, OrderGroove, and Symphony Commerce, which
  target online retailers and consumer packaged goods (CPG) companies wishing to develop
  subscription box replenishment models for household goods, apparel, groceries, beverages, baby
  products, cosmetics, and more. Other examples are companies that focus on telco (e.g., Amdocs
  and Cerillion Skyline) and communications and media (e.g., MPP Global, and SURE [Magnaquest]).

› **eCommerce platforms for digital goods.** In addition to Digital River (which we included in
  the report due to its heritage in subscriptions and its ability to meet our managed subscription
  revenue inclusion criteria), other digital eCommerce platforms such as Avangate and cleverbridge
  offer sophisticated subscription- and consumption-based billing capabilities that primarily target
  software and services firms.[16]

› **Payment service providers.** Many payment processing vendors are already pre-integrated into
  billing solutions. Vendors like First Data Braintree, CyberSource, and Vantiv all support basic
  recurring payment capabilities but lack advanced billing features such as usage metering/rating,
  account management and revenue recognition. Firms that wish to develop a homegrown solution
  for recurring billing will need a payments processing vendor to plug their billing solution into the
  electronic payments rails.[17]

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Supplemental Material

Survey Methodology

The Forrester Data Global Business Technographics® Priorities And Journey Survey, 2017, was fielded
between January and March 2017. This online survey included 18,277 respondents in Australia, Brazil,
Canada, China, France, Germany, India, New Zealand, the UK, and the US from companies with two or
more employees.

Forrester Data Business Technographics ensures that the final survey population contains only those
with significant involvement in the planning, funding, and purchasing of business and technology
products and services. Research Now fielded this survey on behalf of Forrester. Survey respondent
incentives include points redeemable for gift certificates.

Please note that the brand questions included in this survey should not be used to measure market
share. The purpose of Forrester Data Business Technographics brand questions is to show usage of a
brand by a specific target audience at one point in time.

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Online Resource

The online version of Figure 6 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 three data sources to assess the strengths and weaknesses of each solution. We evaluated the vendors participating in this Forrester Wave, in part, using materials that they provided to us by July 14, 2017.

› **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 products' functionality 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. We use the 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 three of each vendor's current customers.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria for evaluation in this market. From that initial pool of vendors, we 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 evaluation — and then score the vendors based on a clearly defined scale. We intend these default weightings to serve only as a starting point and encourage readers to adapt the weightings to fit their individual needs through the Excel-based tool. The final 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, please visit The Forrester Wave™ Methodology Guide on our website.

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Integrity Policy

We conduct all our research, including Forrester Wave evaluations, in accordance with the Integrity Policy posted on our website.

Endnotes

[1] 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. For more information on the 2015 evaluation of this market, see the Forrester report "The Forrester Wave™: Subscription Billing Platforms, Q4 2015."

[2] Slack's per-user payment model is an appropriate pricing choice because the more users there are on Slack, the more useful the product becomes. The fair billing policy, while a simple concept to build trust with customers, can be complicated to execute on. Take for example what has to occur to determine the inactive user credit: Slack has to build and enforce rules that define "inactive," track platform usage, determine if a user had been "inactive" and for how many days, then determine credit value, store that credit value on the businesses account, and decrement that value from the businesses next bill. Finally, it has to present this in an easy-to-read and -understand format on the invoice. Source: "Fair Billing policy," Slack Help Center (https://get.slack.help/hc/en-us/articles/218915077-Fair-Billing-policy).

For more information about how SaaS companies can develop sound pricing strategies that help them both win new deals and maximize renewals, see the Forrester report "Pricing Strategies For Software-As-A-Service."

For more on why and how B2B marketing leaders should change their pricing approach when their company starts to sell digital services, see the Forrester report "Best Practices: Pricing Strategies For B2B Digital Services And Subscription Products."

[3] Source: "Ford Smart Mobility LLC Established to Develop, Invest in Mobility Services; Jim Hackett Named Subsidiary Chairman," Ford Motor press release, March 11, 2016 (https://media.ford.com/content/fordmedia/fna/us/en/news/2016/03/11/ford-smart-mobility-llc-established--jim-hackett-named-chairman.html).

[4] Source: Jamie Allison, director of MS&S global mobility and connectivity at Ford Motor, "Keynote Speech," Zuora Subscribed 17 Event, June 6, 2017.

[5] Increasingly empowered consumers are informed about corporate data practices and make deliberate choices regarding when, where, and why they disclose personal information to brands. For more information about two Forrester frameworks, the Empowered Customer and Consumer Privacy segmentations, see the Forrester report "Empowered Customers Demand Contextual Privacy."

[6] Source: Forrester Data Global Business Technographics Priorities And Journey Survey, 2017.

[7] See the Forrester report "Pricing Strategies For Software-As-A-Service" and see the Forrester report "Best Practices: Pricing Strategies For B2B Digital Services And Subscription Products."

[8] Source: Bernard Marr, "IoT And Big Data At Caterpillar: How Predictive Maintenance Saves Millions Of Dollars," Forbes, February 7, 2017 (https://www.forbes.com/sites/bernardmarr/2017/02/07/iot-and-big-data-at-caterpillar-how-predictive-maintenance-saves-millions-of-dollars/#263da4bc7240).

Source: Canary (https://canary.is/).

[9] See the Forrester report "Brief: The Two Fundamental IoT Business Opportunities" and see the Forrester report "Brief: The Internet Of Things Will Transform Customer Engagement."

[10] Source: Forrester Data Global Business Technographics Priorities And Journey Survey, 2017.

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¹¹ SaaS continues to grow across categories and geographies, fueled by buyer demand for business agility, growing comfort with the model, and a maturing market of SaaS offerings. This maturing market has substantial implications for application development and delivery (AD&D) pros — including a vibrant and growing services provider market for SaaS and the rise of SaaS app stores. For more information, please see the Forrester report "SaaS Adoption 2017: If You Aren't Using SaaS Broadly, Your Business Risks Falling Behind."

¹² See the Forrester report "SaaS Adoption 2017: If You Aren't Using SaaS Broadly, Your Business Risks Falling Behind."

¹³ Seven of the nine solutions evaluated in this Forrester Wave are SaaS. The vendors for the two solution that are on-premises have and are developing SaaS billing offerings.

¹⁴ Source: JingJing Xia and Peush Patel, "ASC 606 & IFRS 15: How the new Revenue Standards will impact subscription companies," Zuora (https://www.zuora.com/guides/asc-606-ifrs-15-new-revenue-standards-will-impact-subscription-companies/); "Revenue Recognition Issues," PwC (https://www.pwc.com/us/en/cfodirect/issues/revenue-recognition.html); and "Revenue: Top 10 Differences Between IFRS 15 and ASC 606," KPMG, February 28, 2017 (http://www.kpmg-institutes.com/institutes/ifrs-institute/articles/2017/01/top-10-differences-between-ifrs-15-and-asc-topic-606.html).

¹⁵ Examples include: "price book" for multi-attribute pricing, "payment retry manager" for involuntary churn management, and "collections manager" for collections and dunning functionality.

¹⁶ eBusiness leaders charged with monetizing their firms' catalogs of digital content, software, or online services must find commerce solutions that allow flexibility to trial alternative business models while supporting digital fulfillment across multiple consumer touchpoints. For tactics on selecting commerce solutions for digital products and services and key solutions available in the market, see the Forrester report "Market Overview: Commerce Solutions For Digital Products And Services, 2015."

¹⁷ Forrester identified, researched, analyzed, and scored the 11 most significant US merchant payment processing providers: ACI Worldwide, Adyen, Chase Commerce Solutions, CyberSource, Elavon, First Data, Global Payments, IBM, Vantiv, Worldline, and Worldpay. For more information about how each provider measures up and helps eBusiness professionals make the right choice for their business, see the Forrester report "The Forrester Wave™: Global Commerce Payment Providers, Q4 2016."

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