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The Forrester Wave™: B2C Commerce Suites, Q1 2017

The 13 Providers That Matter Most And How They Stack Up

by Anjali Yakkundi and Andy Hoar
March 24, 2017

Why Read This Report

In our 29-criteria evaluation of B2C commerce suite providers, we identified the 13 most significant vendors — commercetools, Digital River, Elastic Path, Episerver, IBM, Intershop, Kibo, Magento, Oracle Commerce Cloud, Oracle NetSuite, Salesforce, SAP Hybris, and Sitecore — and researched, analyzed, and scored them. This report shows how each provider measures up and helps eBusiness and channel strategy professionals make the right choice.

Key Takeaways

SAP Hybris And Salesforce Lead The Pack
Forrester's research uncovered a market in which SAP Hybris and Salesforce lead the pack. Digital River, IBM, Intershop, Magento, and Oracle Commerce Cloud offer competitive options. Vendors commercetools, Elastic Path, Episerver, Kibo, Oracle NetSuite, and Sitecore must continue to evolve their offerings.

Digital Commerce Pros Are Looking For Agile Solutions That Go Beyond The Shopping Cart
The B2C commerce suites market is growing because more eBusiness and channel strategy professionals see B2C commerce suites as a way to address their top challenges around driving digital commerce initiatives across touchpoints.

Agility, Omnichannel, And Experience Management Are Key Differentiators
Legacy commerce technology is becoming outdated and less effective, so the features that dictate which providers will lead the pack are improved capabilities to speed up time-to-market (TTM) and support analytics, experience management, and omnichannel. Vendors that can provide these capabilities position themselves to successfully deliver seamless digital commerce experiences.

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by Anjali Yakkundi and Andy Hoar
with Fiona Swerdlow, Sam Wolken, and Sara Sjoblom

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Retailers Demand More Than A Shopping Cart From Commerce Suites

For many companies, eCommerce is now critical to growing existing customers, acquiring new customers, and protecting market share from Amazon. As such, retailers and branded manufacturers are upgrading and replatforming their commerce infrastructure to capture and — very importantly — retain demanding channel-agnostic customers.

Digital businesses have always looked to commerce suite vendors to support basic (and now fairly commoditized) capabilities like running an online catalog, shopping cart, and promotions. However, with customers now expecting deeper research experiences and richer purchase journeys, vendors must deliver new capabilities both on the back end around fulfillment and integration and on the front end around seamless and innovative customer experiences. This expectation is true not just for retailers — the traditional eCommerce buyers — but also other players, like branded manufacturers or high-tech firms, which are beginning to sell direct to consumers. Firms across these verticals are investing in sophisticated B2C commerce technology that supports:

› **Omnichannel engagement.** Organizations now expect their B2C commerce suites to support not just the .com storefront but also seamless omnichannel engagement across web, mobile, social, and in-store touchpoints. For example, 81% of your most demanding customers — whom Forrester calls digital pioneers — expect multiple fulfillment options like “buy online, pick up in store.”[1] Firms like Wayfair have experimented with social selling on Pinterest, requiring the ability to handle transactions that potentially take place off their sites.[2]

› **Personalized digital commerce experiences.** Personalization can be on the website or mobile app — like Home Depot’s ability to detect location when a customer searches on its mobile site and show that customer what is or isn’t in stock. Or personalization can happen across channels, like Neiman Marcus’ dual-interface “NM app,” a tool developed to serve both shoppers and associates that notifies associates when one of their preferred shoppers enters the store and displays the shopper’s Facebook photo for easier recognition.[3] Commerce suites can drive personalization by controlling the front-end experience or managing the customer data that fuels personalization.

› **Data-driven merchant tools.** As customer expectations rise, firms are investing in merchant tools to easily make decisions about what experiences to deliver to customers. Commerce suites are innovating in these areas with machine learning (particularly around personalization and fulfillment) to support automation. We’ve also seen greater investment in reporting, analytics, and data-driven decisioning tools that further support merchant control over experiences. One customer reference told us that it wanted deeper data capabilities so it could “arm merchants with access to data so that [the merchant] can make better decisions.”

› **Agility and faster time-to-market.** Gone are the days of years-long implementations and heavy IT-footprint solutions, as firms instead demand more agility and faster TTM from their platforms to keep up with customer demand. Cloud-based, service-oriented architectures that implement commerce solutions in a more modern and modular fashion are now must-haves within commerce suites. Firms typically look to either platform-as-a-service (PaaS) deployments where the vendor manages the solution in a single-tenant cloud instance or software-as-a-service (SaaS) deployments where the vendor manages the solution in a multitenant environment.

Maturing eCommerce Vendors Experience A Renewal

In response to the surging demand for eCommerce, vendors have come to market with more fully functional upgrades to their existing solutions as well as net-new offerings. The opportunity to monetize legacy commerce infrastructure in new ways and drive new customer interactions has attracted the interest of investors and incumbent players alike, and it has driven:

› **Key acquisitions in the space.** Since our last look at the eCommerce suites vendor landscape in 2015, established vendors both in and out of the eCommerce space have acquired other vendors to either expand into or shore up their position in this market.[4] For example, in 2016 Oracle spent $9.3 billion to acquire NetSuite and its eCommerce solution, SuiteCommerce.[5] The same year, Salesforce jumped into the eCommerce space by buying retail commerce vendor Demandware for $2.8 billion.[6] We expect to see more established companies make acquisitions in the space and in adjacent verticals like marketing technology, content management systems (CMSes), and CRM.

› **Private-equity-funded turnarounds and accelerations.** In the past few years, several private equity firms have made major investments in the space. For example, in late 2014, Siris Capital paid $840 million to take Digital River private.[7] Permira acquired Magento as a part of a spinout from eBay in 2015.[8] That same year, Vista Equity Partners started buying up properties (Baynote, Fiverun, MarketLive, Mozu, and Shopatron) to combine them into one eCommerce platform called Kibo.[9] Recently, CloudCraze took $20 million in fresh funding from Insight Venture Partners and Salesforce Ventures.[10] Given this trend, we anticipate that these venture-backed companies will either be acquired or pursue IPOs within the next few years.

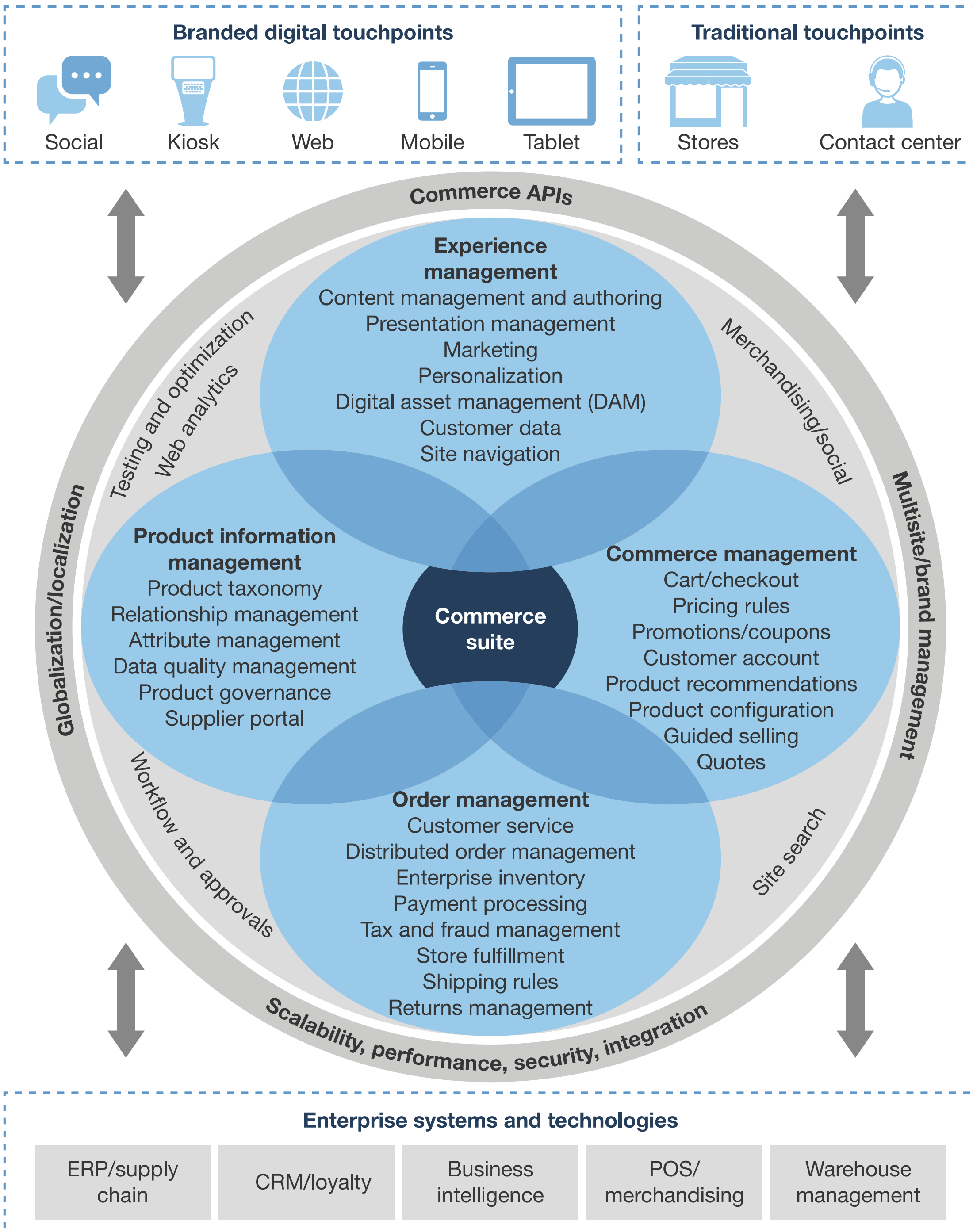
› **New market entrants.** In the B2C commerce space, we've seen new entrants coming from complementary spaces like web CMS or point of sale (POS). For example, web CMS and digital marketing vendor Sitecore purchased and breathed new life into the Commerceserver.net platform.[11] Episerver, another marketing and web CMS vendor, doubled down on its commerce investment. And Aptos, historically known for POS capabilities, acquired Shopvisible in 2015 to bolster its eCommerce platform story.[12] Expect additional players in adjacent spaces to opportunistically enter (and exit) the market.

Firms Purchase B2C Commerce Suites In Three Distinct Ways

Four major pillars of digital commerce anchor the commerce suite: commerce management, experience management, order management, and product information management (PIM) (see Figure 1). Even though these areas are converging, digital businesses purchase their B2C commerce suites via three primary modes. We encourage our clients to customize the Forrester Wave™ weightings accordingly, depending on which of the following three models works best for them:

- **All-in-one commerce suite approach.** Many customers Forrester speaks with prefer to purchase commerce suites that include all major pillars of digital commerce in one: commerce management, marketing, experience management, order management, and PIM. This approach is typically best for firms with significant existing investment in a suite that they are looking to replace; midmarket and lower enterprise firms that can't afford to integrate multiple best-of-breed components; and firms in the beginning stages of developing their digital commerce business.
- **Commerce suite with complementary best-of-breed solutions.** We find that few customers purchase best-of-breed software for every single capability area that we have evaluated, as the time and investment spent on integration and vendor management can be onerous. However, many customers choose to strategically bundle elements of the suite when possible — and then source best-of-breed when their needs dictate. This approach is common with enterprise-level businesses today as well as with firms that are already well versed in digital commerce, particularly retailers. For example, one retail customer reference told us that it uses its suite to support commerce management, PIM, and experience management, but it uses a best-of-breed OMS system to handle significant needs around areas like routing logic and omnichannel fulfillment.
- **Headless commerce suite.** Headless commerce is emerging as the latest way to purchase commerce capabilities. It primarily offers commerce management, potentially offers some basic OMS and PIM support, and uses other solutions (enterprise marketing, web CMS, and custom development) to manage the front-end experience and marketing. Digital businesses that purchase via headless are typically either heavily invested in existing web CMS and marketing tool sets or they may want to innovate with commerce on new front-end interfaces like conversational or social commerce. Customers who purchase these solutions must ensure the commerce solution has strong developer toolkits and merchant tools.

FIGURE 1 Today's Commerce Suites Support Four Core Pillars Of Functionality



B2C Commerce Suites Evaluation Overview

To assess the state of the B2C commerce suites market and see how the vendors stack up against each other, Forrester evaluated the strengths and weaknesses of top B2C commerce vendors. After examining past research, user need assessments, and vendor and expert interviews, we developed a comprehensive set of evaluation criteria. We have many of the same criteria as the B2B Forrester Wave evaluation, but we focused more heavily on things like experience management, digital store, and omnichannel and less on B2B-specific areas like eProcurement, full-spectrum selling, and channel management. We evaluated vendors against 29 criteria, which we grouped into three high-level buckets:

› **Current offering.** We focused on commerce capabilities across major categories like: mobile and emerging touchpoints, solution architecture, experience management, commerce platform capabilities (e.g., shopping cart, promotions, pricing), and adjacent commerce suite capabilities (e.g., PIM and OMS). We focused current offering evaluations on key areas of differentiation and innovation, like experience management, omnichannel, agility, and data-driven merchant tools.

› **Strategy.** We reviewed each vendor's strategy, evaluating its strategic vision and planned enhancements. In particular, we gauged how well the vendors positioned themselves in a maturing marketplace with customers, partners, and developers as well as how well they plan to accommodate significant market disruptions like cloud, service-oriented architectures, AI and machine learning, and personalization. In addition, we heavily weighted vendors' ability to execute on their vision — based principally on what we learned from numerous in-depth customer and partner reference calls.

› **Market presence.** To determine a vendor's market presence, we created a composite assessment that took each vendor's installed base, customer growth, company size, vertical penetration, revenue, and revenue growth into consideration.

Evaluated Vendors And Inclusion Criteria

Forrester included 13 vendors in the assessment: commercetools, Digital River, Elastic Path, Episerver, IBM, Intershop, Kibo, Magento, Oracle Commerce Cloud, Oracle NetSuite, Salesforce, SAP Hybris, and Sitecore. Each of these vendors (see Figure 2):

› **Illustrates a strong focus on B2C Commerce.** Although included vendors may serve clients in other market segments (B2B) or have extended portfolios (marketing, service, or sales), each has a focused product offering for the needs of enterprise B2C clients as well as an ongoing strategy and road map commitment to B2C commerce.

› **Possesses critical components of a standalone B2C commerce suite.** Included vendors support core commerce platform capabilities to set up and run an online shopping experience. In addition, these vendors are able to support their clients' needs for extended capabilities like omnichannel order management, product information management, and experience management. Included vendors can deliver such capability via embedded functionality, companion products from within their solution portfolio, mature partnerships, or a combination of these approaches.

› **Has sizable revenue and a large overall customer base.** To ensure that the vendors we evaluated will remain viable in this evolving market, Forrester limited its analysis to companies that have the resources and momentum to sustain themselves through variable market conditions. Each of these companies has a minimum of $20 million in annual commerce solution product sales, is profitable or indicates it is approaching profitability, has at least 50 existing clients, and demonstrates positive sales momentum.

› **Owns significant mindshare and has a base of global enterprise customers.** The vendors we evaluated were able to demonstrate significant customer bases in at least two geographic regions, in addition to strong mindshare with eCommerce professionals and a focus on enterprise customers.

Forrester did not include companies in this assessment that have a primary focus on other related market segments, such as:

› **Midmarket-focused B2C solutions.** Forrester identified several smaller vendors serving this space — such as BigCommerce, OroCommerce, Sana Commerce, and Symphony Commerce — that are starting to gain traction. However, while these vendors bring unique approaches to the space, they currently lack sizable installed bases and primarily serve midmarket companies or divisions within larger companies.

› **Digital- or media-focused solutions.** These providers focus their solutions heavily on media, software, and other virtual or digital goods, and they lack critical physical goods and omnichannel capabilities such as order management. We have written separate reports about vendors that specifically focus on selling digital goods.[13]

› **Single-dimensional point-solution-centric options within the stack.** Our evaluation does not include vendors that focus primarily on layers within the stack like CMS, PIM, and enterprise resource planning (ERP). This includes CMS vendors such as Adobe and Acquia, PIM vendors such as Informatica and EnterWorks, and ERP vendors such as Infor and Epicor. These vendors may partner with eCommerce vendors but do not provide significant native eCommerce capability.

FIGURE 2 Evaluated Vendors: Vendor Information And Selection Criteria

Vendor	Product Name
commercetools	commercetools omnichannel commerce platform
Digital River	Digital River Global Commerce
Elastic Path	Elastic Path Commerce V6.17
Episerver	Digital Experience Cloud
IBM	IBM Watson Commerce V16.3
Intershop	Intershop Commerce Suite
Kibo	Kibo Commerce Suite
Magento	Magento 2
Oracle Commerce Cloud	Oracle Commerce Cloud V16.5
Oracle NetSuite	NetSuite SuiteCommerce Advanced V16.2
Salesforce	Salesforce Commerce Cloud
SAP Hybris	SAP Hybris Commerce V6.2
Sitecore	Sitecore Commerce V8.2

Vendor inclusion criteria
The vendor illustrates a strong focus on B2C Commerce.
The vendor possesses critical components of a standalone B2C commerce suite.
The vendor has sizable revenue and a large overall customer base.
The vendor has significant mindshare, focus, and existing base with global, enterprise customers.

Vendor Profiles

This evaluation of the B2C commerce suites 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 3).

FIGURE 3 Forrester Wave™: B2C Commerce Suites, Q1 '17

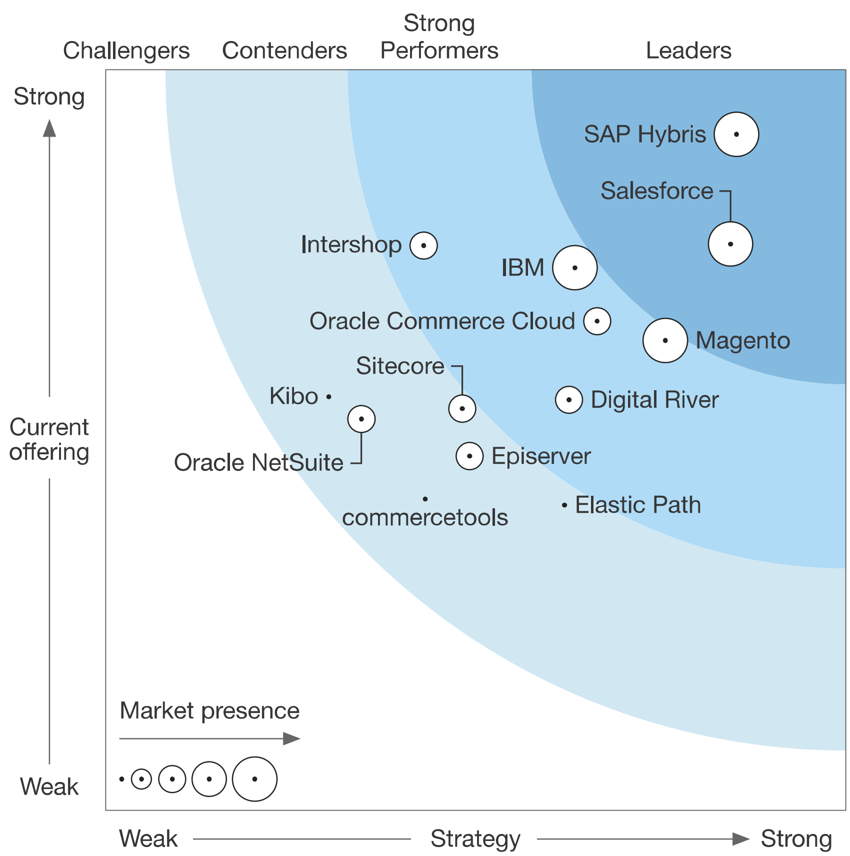


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FIGURE 3 Forrester Wave™: B2C Commerce Suites, Q1 '17 (Cont.)

	Forrester's weighting	commercetools	Digital River	Elastic Path	Episerver	IBM	Intershop	Kibo	Magento	Oracle Commerce Cloud	Oracle NetSuite	Salesforce	SAP Hybris	Sitecore
Current Offering	50%	2.09	2.76	2.05	2.38	3.65	3.80	2.78	3.16	3.29	2.63	3.81	4.55	2.70
Consumer-facing digital touchpoints	20%	3.30	2.20	2.30	0.85	3.20	3.55	3.20	3.55	3.50	2.35	4.20	4.50	1.70
Solution architecture	20%	3.20	4.00	3.20	2.00	3.40	4.40	2.40	4.40	3.80	3.40	4.00	4.40	2.20
Experience management	20%	0.60	1.20	0.60	4.20	3.00	3.20	4.00	1.80	2.60	1.80	3.80	4.40	4.20
Commerce suite capabilities	20%	1.34	3.36	1.80	2.52	4.12	3.56	1.66	3.26	2.90	2.92	3.12	4.78	2.74
Commerce management	20%	1.99	3.03	2.36	2.34	4.53	4.28	2.64	2.78	3.64	2.66	3.94	4.68	2.67
Strategy	50%	2.16	3.13	3.10	2.46	3.17	2.15	1.51	3.78	3.32	1.73	4.22	4.26	2.41
Product strategy and road map	32%	3.00	4.00	4.00	2.00	3.00	3.00	1.00	3.00	4.00	3.00	4.00	4.00	3.00
Company vision	36%	1.00	4.00	3.00	3.00	3.00	2.00	2.00	4.00	3.00	1.00	4.00	5.00	3.00
Commerce service providers	11%	1.00	0.00	1.00	3.00	5.00	1.00	1.00	3.00	3.00	0.00	5.00	5.00	1.00
Developer community	16%	3.00	1.00	3.00	1.00	3.00	1.00	1.00	5.00	3.00	1.00	5.00	3.00	1.00
Total cost of ownership	5%	5.00	5.00	3.00	5.00	2.00	4.00	4.00	5.00	3.00	5.00	3.00	3.00	2.00
Market Presence	0%	1.00	3.00	1.00	3.00	5.00	3.00	1.00	5.00	3.00	3.00	5.00	5.00	3.00
Company size, revenue, and customer base	100%	1.00	3.00	1.00	3.00	5.00	3.00	1.00	5.00	3.00	3.00	5.00	5.00	3.00

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

Leaders

- **SAP Hybris.** Commerce V6.2 continues to power the company's full-stack commerce solution offering, and the product has substantially grown its revenue, customer base, and partner ecosystem in the space since our 2015 evaluation. Since then, the vendor has also doubled down on investments in marketing and experience management capabilities. The company's solution is now a staple in most consideration sets for commerce technology selections, and it owns the dominant commerce mindshare in the enterprise commerce space. SAP Hybris continues to be a favorite because of its stability, large global implementation partner network, and vertical industry solution focus.

  Despite a concerted, multiyear effort to deliver a microservices-centric marketplace, SAP Hybris has struggled to gain the traction that we expected with its SAP Hybris as a Service (YaaS) offering. In addition, customers told us that the commerce suite's upgrade process was difficult and time-consuming, with one customer referring to it as "a constant upgrade process." Customers also complained about SAP Hybris' high total cost of ownership (TCO), especially for acquiring development resources (some of which is due to limited supply and some of which is due to high demand).

  SAP Hybris is a best fit for companies looking for an industrial-strength, reliable, and fully functional commerce platform that is in wide use across several industry verticals.

- **Salesforce.** Salesforce purchased commerce vendor Demandware in July 2016 and rebranded it as the Commerce Cloud (CC), finally giving Salesforce a long-awaited commerce solution. As one customer observed, "The integration of commerce into the Salesforce ecosystem of marketing, services, and sales is a potential unbeatable combination." Salesforce Commerce Cloud continues to be a strong option for retailers looking for an established, highly scalable software-as-a-service (SaaS) solution with market-leading personalization and promotions commerce capabilities. Salesforce also shows compelling over-the-horizon potential in the realm of artificial intelligence (AI) and data-driven decision making with its Salesforce Einstein capabilities.

  The acquisition of Demandware gives Salesforce an instant footprint in the commerce space, but Commerce Cloud still faces gaps around experience-centric capabilities like web CMS. Salesforce customers we spoke with also expressed concern about the uncertainty surrounding Salesforce's long-term plans for Commerce Cloud. Customers specifically mentioned that they were anxious about possible pricing model changes and shifting product development priorities. However, in parallel, customers expressed a measure of optimism about the potential of tight integrations of Commerce Cloud with Salesforce's Service and Marketing clouds.

  Salesforce is a best fit for retailers looking for a strong, highly scalable, cloud-based commerce platform.

Strong Performers

- **Magento.** Based in Campbell, California, Magento is now held by private equity firms Permira and Hillhouse Capital. It was spun out of eBay and relaunched as an independent company in November 2015. Since then, Magento has released Magento 2 on-premises and in the cloud to address scalability issues with Magento 1 and to compete more aggressively in both the enterprise B2B and B2C space. Despite some challenges with Magento 2's code base and launch, Magento 1 users are beginning to upgrade. Magento 2 is a step forward in performance capability and comes with a new fixed-fee pricing model. Magento's main differentiator is that it offers a variety of "extensions" to Magento 2 via its Marketplace. These include hundreds of commercial partner and Magento-community-built integrations that extend Magento 2's ability to provide functionality such as advanced shopping carts, content management tools, and Apple Pay features.

  The Magento customers we spoke with said that while they were impressed with Magento 2 improvements, they were concerned about the magnitude of the upgrade process from Magento 1 to Magento 2. In addition, the Magento 2 Marketplace still has some gaps for popular Magento 1 extensions, and Magento 2 needs further refinement in areas like personalization and site search capabilities.

  Magento 2 is a best fit for Magento 1 customers who are heavy users of Magento Marketplace extensions, companies that have a preference for open source, and enterprises looking for an affordable alternative to traditional enterprise software solutions.

- **IBM.** IBM's commerce suite is anchored in IBM Watson Commerce and bolstered by best-of-breed products in areas like OMS and PIM. IBM positions the commerce products as part of its overall Watson vision, and the firm plans to embed more data-driven decisioning and AI into the platform. These capabilities will further enhance the overall feature-rich suite, which is strong in areas like OMS, analytics, campaign management, and promotions. As always, IBM offers a strong enterprise customer base that includes some of the largest companies in the world. The vendor also has an extensive, well-developed services partner network that includes many systems integrators and digital agencies.

  However, some of Big Blue's shine in commerce has worn off in recent years. It has faced stiff competition from other large vendors and digital upstarts, some of which offer better TTM and TCO. IBM customers lament the high price tag (though the vendor has attempted to bring the price down in the past year), traditional feature bloat, lack of agility, and difficult product user interface. Features in experience management areas need improvement, as well: particularly web CMS and the integration between its proprietary commerce and marketing tools. Cloud is another gap, although customers are optimistic about the cloud-centric future road map.

  IBM remains a good fit for large enterprises looking for a feature-rich commerce offering as well as for companies that have a strong internal support team to develop and maintain the solution.

› **Oracle Commerce Cloud.** Oracle is fundamentally transitioning from a traditional on-premises commerce suite (the historically strong ATG/Endeca product) to a 100% cloud-based commerce offering, Oracle Commerce Cloud (OCC). While Oracle still maintains the Oracle ATG/Endeca on-premises product, we focused this evaluation on Oracle Commerce Cloud. OCC has solid commerce capabilities, such as customer account management and digital store, and has the vision to seamlessly integrate OCC with other Oracle Clouds. Oracle's goal — one that we believe is differentiated and ahead of the market — is to offer its clients truly frictionless movement between the on-premises world and the cloud.

However, Oracle currently falls short on fully delivering the reality of feature equivalency between the on-premises solution and the cloud. Customers report that OCC is "impressively stable" and "easy to get up and running with," but they also cite "functionality limitations" and some feature deficiencies relative to the on-premises solution — specifically related to promotions, the admin console, and site search capabilities. We expect Oracle to fill these gaps in the near term, but we also expect that on-premises customers will face some challenges when moving to the cloud.

OCC is a best fit for companies currently using Oracle ATG on-premises that want to shift to a cloud environment, as well as companies looking to grow with an enterprise-grade vendor that offers a vision for a flexibly deployed, cloud-first commerce solution.

› **Intershop.** Based in Jena, Germany, Intershop was among the first vendors to offer commerce software in the 1990s and has a long history in the commerce space. The company has ridden the eCommerce roller coaster over the years, but it has always managed to produce a high-quality commerce product. Since our 2015 evaluation, Intershop has delivered a new OMS solution and the company's core commerce capabilities like promotions, channel management, and customization remain strong. On top of solid and well-built commerce features, Intershop demonstrates a strong technical road map and a selectively deep ecosystem of partners and developers (particularly in German-speaking countries).

Intershop has struggled over the years to deliver a consistent overarching vision and global go-to-market strategy. The company's efforts still skew heavily toward an engineering audience and B2B-centric models, sometimes leaving the traditional retail VP of eCommerce behind. We believe the vendor has room to grow, particularly in its story (and capabilities) around emerging mobile touchpoints and data-driven decision making. To regain its historical prestige, Intershop must shore up its go-to-market strategies in several geographies around the world — most notably, North America.

Intershop is a best fit for brand manufacturers that have complex channel support requirements, need especially well-developed commerce feature functionality, and are looking for flexibility on global pricing and licensing.

› **Digital River.** Digital River targets nonretail verticals with digital commerce needs, like branded manufacturers, software, telecom, and consumer product goods firms. Since our last evaluation, Digital River was acquired by private equity firm Siris Capital, which has added a cash influx to help fund some improvements to the core platform.[14] Customers give high marks to Digital River for its SaaS-based architecture and core eCommerce capabilities, and the platform stands out for its globalization capabilities and ability to handle global payments and complex subscriptions.

Digital River has room for improvement in experience management, where it relies on third-party partners, and next-generation innovation. As a customer told us: "If you are looking for a vendor to manage a brand-heavy commerce experience, this isn't the right solution. If you want the core commerce capabilities, this is a good fit." The vendor could also improve merchant capabilities in areas like personalization, analytics, and searchandizing. Digital River's product road map is generally conservative and lacks a deeper focus on next-generation capabilities like automation and data-driven decision making.

Digital River is a good fit for B2C companies outside retail that are looking for a cloud-based commerce platform that offers broad subscription, payments, and global support.

Contenders

› **Elastic Path.** Elastic Path offers a headless commerce solution wherein it provides core commerce capabilities but relies on web CMS partners to deliver the front-end experience. Since our 2015 evaluation, Elastic Path has moved away from being an exclusive Adobe partner and has begun partnering with other marketing and web CMS vendors. It has also invested in growing its commerce service provider partnerships with major companies such as Accenture Interactive and PwC and is expanding its core commerce capabilities with documented APIs and a new microservices architecture.

  Elastic Path's vision still lags behind that of other vendors — while highly technical, it struggles to articulate the business value proposition. Additionally, while the product has benefitted from investment in architecture and APIs, it still has gaps around areas like merchandising tools, analytics, and PIM. The product's focus on headless also requires those who want a combined offering of experience management and eCommerce to either pay for two (potentially expensive) licenses or subscriptions or build custom front ends. One customer told us, "Considering we just use the product for the basics — like a shopping cart — the price is high."

  Elastic Path is a good fit for companies that have already made an investment in a web CMS solution and are looking for a highly functional headless commerce solution.

› **Sitecore.** Copenhagen-based Sitecore has a strong reputation in the web CMS space (its roots) and has adjacent capabilities around digital marketing and analytics. In 2013, the firm expanded into commerce with its acquisition of Commerceserver.net. Since then, it has significantly updated the .NET code base and is integrating it into Sitecore's web CMS, marketing, and analytics capabilities. Unsurprisingly given its heritage, Sitecore has strong offerings in areas like A/B testing, digital asset management (DAM), and web CMS. The company's vision for a fully integrated marketing, content, and commerce offering has the potential to disrupt the market, although the vendor has work to do in positioning itself in the market.

Despite its strong brand and experience management capabilities, Sitecore lags in commerce-specific functionality like PIM, OMS, site search, and a pricing engine. Customers report that it can be hard to find Sitecore partners for commerce because most of them focus on web CMS. Sitecore must also tighten its go-to-market messaging, as the company's recent pivot from a marketing-centric company to include a commerce-oriented approach has the potential to create some market confusion over the Sitecore brand.

Sitecore is a best fit for firms that need to bridge a web CMS-centric website experience with a commerce-driven digital experience.

› **Episerver.** Based in Irvine, California, Episerver was bought by private equity firm Accel-KKR in 2014. Episerver goes to market with a .NET, cloud-based, combined content and commerce offering. Accordingly, it showed particularly strong capabilities in its experience- and marketing-centric capabilities like web CMS (a Leader in the latest Forrester Wave), A/B testing, and DAM.[15] The vendor has a strong commitment to cloud and a platform that customers reported as agile. Customers we spoke with almost universally chose the product because of its integrated web CMS and commerce capability. They also praised the vendor's customer service and transparent vision.

Episerver still has some gaps in its commerce capabilities. Notably, it lacks digital store capabilities (these must be customized or done via partners), and it needs to improve its PIM and OMS capabilities to meet market standards (few current customers use them as best-of-breed capabilities today). Episerver's partner network is also limited and includes mostly smaller, boutique players, particularly in North America. The company's product road map has limited next-generation commerce innovations like support for commerce anywhere.

Episerver is a best fit for midmarket and low-end enterprise customers looking for an integrated content and commerce offering.

› **Oracle NetSuite.** California-based Oracle officially completed its acquisition of NetSuite in November 2016. NetSuite's cloud-native SuiteCommerce solution gives Oracle a strong midmarket install base and a tested and proven multitenant SaaS-based commerce solution. Oracle NetSuite has strong capabilities in areas like order and inventory management and customer account management — all tied to a compelling ERP offering. We expect that Oracle will focus NetSuite's SuiteCommerce solution on midmarket customers, and it will focus its commerce cousin, Oracle Commerce Cloud, on enterprise customers.

Oracle must articulate a clear and credible cross-product positioning strategy, especially for commerce customers in the midmarket. Otherwise, Oracle NetSuite may get lost in the middle ground between the midmarket and the enterprise space and lose hard-earned mindshare and market share. Oracle NetSuite's commerce capabilities are "powerful and flexible," as one customer stated, but customers generally characterized the overall commerce solution as "missing bells and whistles" such as market-leading personalization tools, experience management, analytics features, and site search capabilities.

Oracle NetSuite's SuiteCommerce is a best fit for customers looking for a value-priced integrated software suite and a single system of record that includes eCommerce, OMS, ERP, and CRM.

› **Kibo.** Kibo was formed in January 2016 after Vista Equity Partners acquired OMS vendor Shopatron, eCommerce platform MarketLive, and mobile point-of-sale vendor Fiverun. The vendor has since acquired Mozu (which is the main solution that we evaluated in this Forrester Wave) and Baynote to add to its technology roster. Kibo's vision is focused: Offer a best-in-class cloud-based solution for midmarket and upper-midmarket retailers or organizations with midmarket levels of online revenue. The product's capabilities are strong in the realm of personalization, recommendations, and digital store. In addition, Kibo has integrated some of Baynote's impressive auto segmentation capabilities directly into the Mozu platform.

  Despite the bright spots, Kibo has yet to integrate the various products into one suite. The company expects to fully integrate its myriad acquired pieces (for example, the eCommerce platform is not fully integrated with the order management solution) within the next 12 months. We worry that the focus on integration might stifle innovation. Also, Kibo is focusing more on the commerce platform powered by the Mozu acquisition, so we expect that many MarketLive customers will have to undergo a potentially laborious migration. In addition to these strategic and integration challenges, the core commerce platform also needs some work. There are notable gaps in its capabilities around PIM, analytics, site search, and customer account management.

  Kibo is a best fit for midmarket and upper-midmarket retailers looking for a cloud-based platform with which they can evolve as the platform matures.

› **Commercetools.** Germany-based commercetools offers a commerce suite based on a service-oriented architecture in the cloud. Customers like its ability to deliver commerce "à la carte," and their ability to choose specific commerce capabilities without the feature bloat of more traditional all-in-one platforms. Customers report that the platform is particularly agile because of this architecture, which is based on an open platform with strong APIs and software development kits (SDKs). They also report that commercetools is particularly strong at innovative use cases, like conversational and social commerce, so that a client can "plug in" newer commerce features that are independent of the front-end interface.

  The firm does possess some noticeable functionality gaps around adjacent commerce functions (specifically, PIM and OMS), merchant tools (searchandizing and analytics), and experience management (where it relies exclusively on third-party partnerships). The company also struggles to articulate a clearly defined vision and market positioning to commerce business users. As one customer told us: "They are brilliant engineers. However, brilliant engineers are not always brilliant strategists."

  Commercetools is a good fit for firms looking to innovate on commerce.

Supplemental Material

Online Resource

The online version of Figure 3 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 November 2016.

- **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.

› **Product demos.** We asked vendors to conduct demonstrations of their products' 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 three to five 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 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, go to http://www.forrester.com/marketing/policies/forrester-wave-methodology.html.

Integrity Policy

We conduct all our research, including Forrester Wave evaluations, in accordance with our Integrity Policy. For more information, go to http://www.forrester.com/marketing/policies/integrity-policy.html.

Endnotes

1 Source: Forrester Data Consumer Technographics® North American Retail And Travel Online Benchmark Recontact Survey 1, Q3 2016 (US).

2 Source: "Wayfair's Experiments with Social Commerce on Pinterest Drive Quality Traffic," eMarketer, December 22, 2016 (https://www.emarketer.com/Article/Wayfairs-Experiments-with-Social-Commerce-on-Pinterest-Drive-Quality-Traffic/1014917).

3 As retail stores transform into digital stores, customers will expect personalized content and experiences in-aisle. These technologies are not limited to addressing customers' needs; eBusiness and store operations leaders are beginning to deploy new personalization capabilities for associates, as well. These associate-facing capabilities drive customer engagement by helping associates create personalized experiences for their customers and improve operational excellence through personalized associate tasks and training. For more on the unfolding personalization capabilities and guidance on how to leverage these emerging technologies, see the Forrester report "Just For You: Use Personalization Technology To Help Associates In The Retail Store."

4 See the Forrester report "The Forrester Wave™: B2C Commerce Suites, Q1 2015."

5 Source: "Oracle Buys NetSuite," Oracle press release, July 28, 2016 (https://www.oracle.com/corporate/pressrelease/oracle-buys-netsuite-072816.html).

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13 See the Forrester report "Market Overview: Commerce Solutions For Digital Products And Services, 2015."

14 See the Forrester report "The Forrester Wave™: B2C Commerce Suites, Q1 2015."

15 See the Forrester report "The Forrester Wave™: Web Content Management Systems, Q1 2017."

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