

Magic Quadrant for Recurring Billing Applications

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This Magic Quadrant evaluates 17 vendors that offer a cost-effective, modern, SaaS billing solution suitable for a wide range of industries.

Market Definition/Description

A recurring billing application enables organizations to bill customers for one-time, subscription-based and usage-based fees for goods and services. It consumes orders and/or service contracts documenting the goods and services the customer has purchased, periodically generates fixed recurring fees, and ingests and rates product usage data. It issues one-time or periodic roll-up invoices to the customer and collects payments before determining recognizable revenue and posting to an external general ledger. APIs or UI fragments support a self-service billing portal. Modern recurring billing applications are an important customer touchpoint for measuring customer sentiment and for delivering marketing messaging.

Recurring billing is mission-critical for invoicing customers and collecting revenue for a business. It ensures billing for all goods and services is aggregated into one periodic invoice to the customer. It enables value-based pricing models that are charged based on actual usage of the service. Payment can be automatically collected by a wide range of payment mechanisms. Dunning workflow optimizes the collection of failed or delinquent payments. Revenue recognition logic ensures adherence to the latest international standards such as IFRS 15 and ASC 606.

Mandatory Features

The mandatory features for this market include:

- Ingest orders and service contracts.
- Generate periodic fixed charges.
- Ingest usage data, rate it and generate usage charges.
- Aggregate charges of all types into periodic invoices for each customer.
- Capture payment for an invoice.
- Integrate received revenue with a general ledger system.

Common Features

The common features for this market include all of the mandatory features plus:

- APIs or UI fragments to support a billing portal for customers.
- Revenue recognition.
- Self-service quoting, ordering and service contract maintenance.
- Assisted channel quoting, ordering and service contract maintenance.
- Churn prediction and churn prevention.
- Delivery of marketing messages via the invoice.

Magic Quadrant

Figure 1: Magic Quadrant for Recurring Billing Applications





Vendor Strengths and Cautions

AppDirect

AppDirect is a Niche Player in this Magic Quadrant due to its focus on billing for services sold via a marketplace. It is a private company based in San Francisco, California. Launched in 2013, AppDirect Billing is best suited for companies that sell their own and partners' subscription software applications to B2B customers through a self-service marketplace. The application is primarily sold to high-tech software, telecommunications and manufacturing companies. Companies must purchase AppDirect's marketplace and commerce functionality to use the billing features; they are not sold stand-alone. The application runs on Amazon

Web Services (AWS) or Microsoft Azure. Data can reside in the U.S., Ireland, Germany, Switzerland, Australia or India.

Strengths

- **New feature delivery:** AppDirect is rapidly improving its product offering, delivering features such as co-terming, partial upgrades, customer balance ledger, ad hoc invoicing, pricebooks, consolidated invoices, contract cancel grace periods and split billing in the last 18 months.
- **Service contract management:** AppDirect Billing provides prebuilt user interfaces (UIs) for B2B customers, resellers and vendors to purchase, manage and cancel subscriptions, and view or pay invoices.
- **Marketplace:** The AppDirect Billing product is part of a larger marketplace solution for selling and reselling subscription software applications. End customers can be billed and resellers can pay appropriate royalties to the software providers whose products are sold via the marketplace.

Cautions

- **Usage billing:** AppDirect Billing's support for usage billing is among the weakest of the products evaluated in this report. Only postpaid usage models are supported. The product lacks a flexible mediation workflow engine but does expose hooks for custom validation, data transformation and calculations during usage rating. AppDirect Billing was not able to rate one million usage events in the three-hour live demo for Gartner.
- **Payment collection:** Support for payment collection and dunning is among the weakest of the products evaluated in this report. AppDirect Billing lacks support for key features such as flexible dunning workflows, collections task queue, installment plans and late payment fees.
- **Extensibility:** The AppDirect Billing platform supports basic extension attributes on standard objects. About 15 webhooks are exposed to notify external applications of changes to the standard objects in AppDirect Billing. Otherwise, application capabilities are fairly hard-coded. AppDirect Billing cannot define custom objects, extend logic with scripting or change the standard UIs, and provides only limited support for promoting changes between environments.

Aria Systems

Aria Systems is a Challenger in this Magic Quadrant because of its strong back-office billing functionality. Founded in 2002, it is a private company based in San Francisco, California. Aria Billing Cloud is a mature back-end billing solution for B2C and B2B use cases across a wide range of industries. The application is primarily sold to telecommunications, high tech, media, business services and financial services companies. It runs on AWS or Microsoft Azure. Data can reside in the U.S., Ireland, Germany, Australia, Singapore or Brazil.

Strengths

- **Complex service contracts:** Aria Billing Cloud's support for modeling complex service contracts is among the best of all the products evaluated for this report. Each sold product can have multiple charges and customer-selectable attributes, and be grouped into nested bundles.
- **Invoicing:** Aria Billing Cloud has comprehensive support for invoicing and was one of the fastest when generating 10,000 invoices in the demonstration shown to Gartner.
- **Payment collection:** Aria supports a wide range of global payment methods and flexible payment terms. Payment collection workflows enable automated and manual tasks, email notifications, payment retries, suspensions and terminations. Payments are automatically matched to invoices.

Cautions

- **Service contract management:** Companies implementing Aria have to use its APIs to build their own service contract sales and management UI for end customers. The vendor sells a driver for Salesforce that enables integration between Aria Billing Cloud and Salesforce CPQ, Salesforce Industries CPQ and Salesforce Service Cloud. The hybrid Salesforce/Aria UI supports selling services. However, amendments, future-dated contract changes, suspensions and terminations are difficult to use.
- **Project billing:** Aria Billing Cloud lacks out-of-the-box support for project billing.
- **Extensibility:** The core Aria platform supports basic extension attributes on product and account objects. While more advanced customization is possible in a loosely coupled extensibility tool called Aria Workflow Studio, the tool is primarily used by Aria employees. Customers cannot make changes themselves without supervision by Aria.

BillingPlatform

BillingPlatform is a Leader in this Magic Quadrant because of its broad product capabilities, extensible platform and strong market momentum. Founded in 2012, it is a private company based in Englewood, Colorado. BillingPlatform is a comprehensive, enterprise-grade service contract management and billing solution for B2C and B2B use cases across a wide range of industries. The application is primarily sold to high-tech, financial services, telecommunications, media and transportation companies. It runs on AWS or in a private cloud. Data can reside in over 30 different countries.

Strengths

- **Mixed billing:** BillingPlatform's support for billing one-time charges, fixed recurring charges, usage charges and project time, expenses and milestones, is among the best evaluated for this report.
- **Invoicing and collections:** The product's comprehensive, flexible and performant support for invoicing and collections is among the best evaluated for this report.
- **Extensibility:** BillingPlatform stands out from all the other vendors in Magic Quadrant for its ability to extend the application to support custom business requirements. Implementers can add custom objects, business logic, UIs, APIs and workflow using the tooling provided to customers in the SaaS product. This flexibility is a key reason for the vendor's strong evaluation in the accompanying Critical Capabilities report, and why it is highly recommended for organizations with the most complex requirements.

Cautions

- **Mediation:** BillingPlatform performed the highest among all the vendors in our evaluation for usage billing. However, while incoming usage events can be mediated by workflows attached to webhooks exposed by the application, this approach is not as intuitive as the graphical workflow designers provided by some other vendors in this report.
- **Revenue recognition:** While basic revenue recognition capabilities are included with BillingPlatform, it lacks advanced out-of-the-box features such as automatic generation of performance obligations, automatic calculation of stand-alone selling price and real-time revenue position for a contract.
- **Growing pains:** BillingPlatform is growing rapidly. A few Gartner clients have reported difficulties hiring experienced BillingPlatform consultants.

Billwerk+ is a Niche Player in this Magic Quadrant because of its focus on companies in Europe and some significant product gaps. Founded in 2015, it is a private company based in Frankfurt, Germany. Billwerk+ is best suited for billing simple subscriptions in B2C and basic B2B use cases. The application is primarily sold to retail, high-tech, telecommunications, consumer services and digital media companies. It runs on AWS. Data can reside anywhere that's supported by AWS.

Strengths

- **Assisted service contract management:** Billwerk+ has a selling and subscription management UI for internal sales users, but it has no prebuilt integration with CRM. While customers can select from a list of predefined discounts, enterprise-grade B2B deal negotiation is not supported.
- **Industry mix:** The product has been deployed in a wide range of industries.
- **European deployments:** Billwerk+ supports a wide range of Europe-specific payment methods. It is based on European accounting principles and supports calculation of European sales taxes.

Cautions

- **Mixed billing:** Billwerk+'s support of mixed billing is among the weakest of any of the vendors evaluated for this report. It offers no support for one-time billing or project billing. Support for usage billing is also quite limited.
- **Weak for B2B:** The product's invoicing capabilities were among the weakest evaluated for this report and are best suited to simple consumer subscriptions. It lacks support for customer account hierarchies, customer-specific billing dates, consolidated billing and split billing. The invoice template only supports limited customization. Aside from basic deferred revenue calculations, there is little support for revenue recognition.
- **Extensibility:** The product supports adding attributes to the customer, product, contract and order objects, and about 30 webhooks are exposed to enable external logic extensions. Otherwise, application capabilities are fairly hard-coded. Customers can't add custom objects, change standard UIs, add scripted business logic, define approvals workflow, or easily move data between software environments.

Chargebee

Chargebee is a Leader in this Magic Quadrant because of its innovative product capabilities and strong market momentum. Founded in 2011, it is a private company based in Bethesda, Maryland. Chargebee is best suited for billing subscriptions in B2C and B2B use cases. The application is primarily sold to the high-tech industry with additional customers in media, financial services and healthcare. It runs on AWS, Microsoft Azure or Google Cloud. Data can reside in the U.S., Germany, Ireland or Australia.

Strengths

- **Self-service service contract management:** A highly usable self-service service contract management website can easily be composed using HTML fragments generated by the product. The logo and color scheme of the generated UI can be changed to blend with a customer website.
- **Revenue recognition:** Chargebee sells a comprehensive revenue recognition module that can be deployed with or without core billing.
- **Market understanding:** The vendor has recently significantly enhanced its product by organic development and by acquisition of revenue recognition and customer retention capabilities. The product is currently one of the most innovative of those evaluated in this report and Chargebee's roadmap suggests this trend will continue.

Cautions

- **Mixed billing:** While Chargebee provides good support for fixed recurring billing, its support for usage billing was among the weakest evaluated for this report. One-time invoicing capabilities are below average. It has no out-of-the-box support for project billing.
- **Invoicing:** Invoices can only be generated at the end of a charge period for a subscription. Co-terminated subscriptions with the same billing frequency are consolidated into a single invoice. Invoicing on a customer-requested date can't be set up, and invoicing for services that are not co-terminated can't be consolidated. Split billing is not supported.
- **Performance:** Chargebee declined to show either the usage rating benchmark or the invoice generation benchmark in its live demonstration to Gartner. Gartner clients should confirm that the vendor can handle their usage event rating and invoicing volumes.

CSG is a Niche Player in this Magic Quadrant because of gaps in product functionality, its relatively small market presence outside of telecommunications, and the relatively small number of customers currently using its CSG Ascendon SaaS product. Founded in 1982, it is a public company (CSGS) based in Englewood, Colorado. CSG Ascendon is a comprehensive, service contract management and billing solution for B2C and simple B2B use cases across a wide range of industries. The application is primarily sold to the telecommunications industry with additional customers in media, transportation, financial services and retail. It runs on AWS. Data can reside anywhere supported by AWS.

Strengths

- **Service contract management:** CSG Ascendon's highly usable UIs for both assisted and self-service service contract management were among the best evaluated for this report. Customers are able to monitor usage and view and pay invoices through either channel. The solution lacks out-of-the-box integration with third-party CRM applications.
- **Complex service contracts:** The product was among the best evaluated for complex service contracts, with support for multiple charges per product, grouping products into dynamic bundles, and defining customer-specific ramps.
- **Fixed recurring billing:** CSG Ascendon supports a wide range of fixed recurring billing periods. It handles proration of charges at the beginning and end of the service contract, and after amendments. Free trials are easy to set up. Manual renewals, automatic renewals with uplifts and evergreen subscriptions are supported.

Cautions

- **Project billing:** CSG Ascendon lacks support for project billing.
- **Revenue recognition:** The product lacks support for revenue recognition calculations.
- **Cloud:** While most of the CSG Ascendon UI runs in the cloud, the workflow editor is a Windows application.

Gotransverse

Gotransverse is a Niche Player in this Magic Quadrant because of gaps in product functionality and the slow pace of product innovation compared with other vendors evaluated. Founded in 2008, it is a private company based in Austin, Texas. Gotransverse is a service contract management and billing solution for B2C and simple B2B use cases across a

wide range of industries. The application is primarily sold to telecommunications, transportation, media, financial services and high-tech companies. It runs on AWS. Data can reside anywhere supported by AWS.

Strengths

- **Assisted service contract management:** Gotransverse offers a Salesforce-managed package for selling services inside Salesforce CRM. The vendor also provides a more comprehensive and usable native UI for selling and managing services.
- **Invoicing:** The product has comprehensive support for invoicing and was one of the fastest when generating 10,000 invoices in the demonstration to Gartner.
- **Industry mix:** The product has been deployed in a wide range of industries.

Cautions

- **Self-service service contract management:** Gotransverse does not provide an out-of-the-box UI or UI fragments for self-service service contract management. Customers have to construct their own self-service UI by calling the extensive APIs provided.
- **Project billing:** Out-of-the-box support for project billing is limited to basic milestone billing on specified dates.
- **Market understanding:** Gotransverse has delivered relatively few compelling new features in the last year and has relatively few interesting innovations in its roadmap for the product. The unique selling points claimed by the vendor were not unique to Gotransverse or differentiated from its competitors.

keylight

keylight is a Visionary in this Magic Quadrant because of its seamlessly integrated service contract management and billing solution, and strong support for mixed billing. Founded in 2015, it is a private company based in Berlin, Germany. keylight is best suited for billing subscriptions in B2C and B2B use cases. The application is primarily sold to high-tech, manufacturing, media, healthcare and education companies. It runs on AWS or Google Cloud. Data can reside in the U.S., Germany, Singapore or Japan.

Strengths

- **Self-service service contract management:** Customers can build their own self-service sales and service contract maintenance portal using the portal builder provided with the

product. The resultant UI for end customers or resellers is the most complete and flexible self-service experience we evaluated for this report.

- **Mixed billing:** The keylight product supports one-time, fixed recurring, usage and project billing. It was one of the best options evaluated for mixed billing.
- **Usability:** keylight was one of the most intuitive and easy-to-use recurring billing products evaluated for this report.

Cautions

- **Viability:** keylight is a much smaller company than most evaluated in this Magic Quadrant. It is growing rapidly, but Gartner clients should evaluate the company's long-term financial viability through other means, such as a conversation with keylight's CFO.
- **Operations:** keylight has relatively few customers, with comparatively low volumes of invoices and usage events. It is not yet proven at the scale of most other vendors in this report.
- **Performance:** keylight failed to successfully show the usage rating benchmark and the (related) invoice generation benchmark during its live demonstration to Gartner. Gartner clients should confirm that the vendor can handle their usage event rating and invoicing volumes.

LogiSense

LogiSense is a Niche Player in this Magic Quadrant because of gaps in product functionality and its focus on usage billing use cases. Founded in 1998, it is a private company based in Kitchener, Canada. LogiSense offers a robust back-end billing solution for B2C and B2B use cases, especially for complex usage billing. The application is primarily sold to telecommunications, high-tech and business services companies. It runs on AWS. Data can reside in the U.S., Canada, U.K., Germany, Ireland, Australia, Brazil, Japan, India and Singapore.

Strengths

- **Usage billing:** LogiSense is among the best options evaluated in this report for complex usage billing. It can mediate incoming events, aggregate metered usage events, and rate the usage using price lists, rate plans and negotiated service contract prices, with tiered and incremental volume discounts or a script. Both prepaid and postpaid usage models are supported. An intuitive console tracks and manages running import jobs.

- **Invoicing:** Invoices are generated on a flexible, customer-specific schedule. Business account hierarchies can be defined and invoices can be aggregated for separate service contracts or multiple accounts in the same hierarchy. Invoice templates are easily customized using Microsoft Word.
- **Performance:** LogiSense was able to complete both the usage rating and invoice generation benchmarks with acceptable response times during the demo shown to Gartner.

Cautions

- **Revenue recognition:** The product lacks support for revenue recognition calculations.
- **Extensibility:** The product supports adding attributes to standard objects. About 30 webhooks are exposed to enable external logic extensions. Otherwise, application capabilities are fairly hard-coded; the product lacks key platform features such as custom objects, scripting, custom UI extensions and robust tooling for migrating artifacts between environments.
- **Operations:** LogiSense has relatively few customers. They are running on multiple versions of the software. Almost all other vendors in this report have all customers on the same software version. This situation will be increasingly difficult to sustain as LogiSense grows.

Maxio

Maxio is a Niche Player in this Magic Quadrant because of significant product gaps and its narrow focus on SaaS use cases. Founded in 2009, it is a private company based in Peachtree Corners, Georgia. Maxio's billing solution is a combination of features from the products formerly known as Chargify and SaaSOptics. The application is primarily sold to the high-tech industry, with customers also in business services, media, education and telecommunications. It runs on AWS. Data can reside in the U.S. or Germany.

Strengths

- **Invoicing:** Maxio's invoicing capabilities are about average compared with those of other vendors evaluated for this report. Invoices are generated on a flexible, customer-specific schedule. Business account hierarchies can be defined and invoices can be aggregated for separate service contracts or multiple accounts in the same hierarchy. Invoices are

automatically delivered by email. Maxio declined to attempt our benchmark of generating 10,000 invoices during its live demonstration to Gartner.

- **Fixed fee milestone billing:** The product has comprehensive support for fixed-fee milestone billing.
- **Operations:** Between the two legacy products, Maxio supports a lot of customers, the largest of which generate a lot of invoices. However, those customers are running on multiple software releases and Maxio's uptime SLA of 99.6% is one of the worst offered by any of the vendors in this report.

Cautions

- **Product functionality:** Maxio's assisted service contract management, complex service contracts, one-time billing, fixed recurring billing, usage billing and global deployment were all among the weakest evaluated in the demo provided to Gartner.
- **Extensibility:** Maxio exposes about 65 webhooks that enable customers to extend the out-of-the-box capabilities. Otherwise, application capabilities are fairly hard-coded; the product lacks key platform features such as custom objects, extensions to standard objects, scripting, workflow and tooling for migrating artifacts between environments.
- **Two applications:** The capabilities assessed for this report were from both Chargify and SaaSOptics. Gartner clients should verify that the combined solution is seamlessly integrated and has a consistent user experience.

OneBill Software

OneBill is a Visionary in this Magic Quadrant because of its excellent omnichannel user experience, modern architecture, but relatively small market presence. Founded in 2011, it is a private company based in Santa Clara, California. OneBill offers a service contract management and billing solution for B2C and B2B use cases across a wide range of industries. The application is primarily sold to the telecommunications industry, with some customers in financial services, high tech, government and transportation. It runs on AWS or HP Cloud. Data can reside in the U.S., Australia, India or Ireland.

Strengths

- **Service contract management:** OneBill provides a self-service service contract management application that covers the full life cycle of selling, managing, monitoring and paying for a service. This is sufficient for most use cases but is not extensible by the

customer. There is also a highly usable quoting and ordering tool for internal sales users that integrates with Salesforce.

- **One-time billing:** OneBill is among the best solutions for one-time billing evaluated for this report. It supports proforma invoices, immediate one-time invoices, on-account billing, credit limits (including automatic invoicing when the credit limit is reached), and credit notes.
- **Invoicing:** The product's comprehensive support for B2C and B2B invoicing is among the best evaluated for this report. It supports customer account hierarchies, flexible invoice intervals, customer-specific billing dates, consolidated billing, tax calculation, customizable invoice templates, manual invoicing, and delivery of invoices via email. It was also able to complete our 10,000 invoice benchmark in an acceptable time frame.

Cautions

- **Project billing:** The product lacks support for project billing.
- **Collections:** OneBill's support for collections and dunning is limited compared with other vendors in this report. It lacks flexible dunning workflows, scripted or external dunning steps, and a manual collection task queue.
- **Viability:** OneBill is one of the smallest vendors evaluated in this Magic Quadrant. Gartner clients should verify the company's financial standing to ensure it is viable as a long-term partner.

Recurly

Recurly is a Niche Player in this Magic Quadrant because of its focus on simple subscription use cases. Founded in 2009, it is a private company based in San Francisco, California. Recurly Subscription Management and Recurring Billing (SMRB) is a service contract management and billing solution best suited for basic subscriptions in B2C and simple B2B use cases. The application is primarily sold to media, high-tech, retail and consumer services customers. It runs on Google Cloud. Data can reside in the U.S., Belgium or Germany.

Strengths

- **Revenue recognition:** Recurly's revenue recognition engine, which can be purchased as a stand-alone product, is one of the best evaluated for this report.
- **Industry mix:** The SMRB product has been deployed in a wide range of industries.

- **Operations:** All customers run the latest version of the SaaS software and the vendor has a large number of customers on its platform. The largest customers produce a relatively large number of monthly invoices.

Cautions

- **Complex service contracts:** SMRB has basic support for subscription ramps, but lacks support for customer-selectable product attributes, multiple charges per product or grouping products into bundles.
- **Global deployment:** Recurly has translated its invoice and email templates into 33 different languages and supports a wide range of currencies. However, the application itself is only available in English. International date and number formatting are only supported in the invoice. Customer currencies only work in the self-service UI.
- **Extensibility:** The SMRB product supports adding textual attributes to standard objects, export of data to Snowflake and a wide range of webhooks. Otherwise, application capabilities are fairly hard-coded; the product lacks key platform features such as custom objects, scripting, the ability to change the standard UI, workflow and robust tooling for migrating artifacts between environments.

RecVue

RecVue is a Niche Player in this Magic Quadrant because of gaps in product functionality and its focus on large enterprises. Founded in 2015, it is a private company based in Palo Alto, California. RecVue Billing and Invoicing is a back-end billing solution for large enterprise B2B or B2B2C companies across a wide range of industries. The application is primarily sold to transportation, high-tech, business services, telecommunications and media customers. It runs on AWS and Oracle Cloud. Data can reside anywhere supported by AWS or Oracle.

Strengths

- **Fixed recurring billing:** RecVue's fixed recurring billing is among the best evaluated for this report. The product supports a wide range of fixed recurring billing periods. It handles proration of charges at the beginning and end of the service contract. It can waive charges for one or more billing periods to support a free trial. Recurring billing can be initiated when an external business event occurs. Service contracts can be renewed manually or automatically.

- **Revenue recognition:** The vendor's revenue recognition engine, which is also sold as a stand-alone product, is one of the best evaluated for this report.
- **Industry mix:** The product has been deployed in a wide range of industries.

Cautions

- **Service contract management:** RecVue lacks an out-of-the-box UI suitable for customer self-service or assisted selling and management of service contracts. The UI for back-office staff appeared difficult to use, with confusing terminology and excessive clicks to perform most tasks.
- **One-time billing:** RecVue's one-time billing is difficult to use compared with other vendors in this report. In particular, users must kick off a batch billing run to generate an invoice.
- **Collections:** RecVue lacks support for payment collection and dunning.

Salesforce

Salesforce is a Niche Player in this Magic Quadrant because of gaps in product functionality and usability concerns. Salesforce is a public company (CRM) based in San Francisco, California. Launched in 2021, Salesforce Billing is a service contract management and billing solution for simple B2C and B2B use cases. The application is primarily sold to high-tech, media, business services, manufacturing and utilities companies. It runs on AWS, Microsoft Azure, Google Cloud, Alibaba Cloud, IBM Cloud and Oracle Cloud. Data can reside in the U.S., Canada, U.K., Germany, France, Japan, Australia, Singapore, India, Indonesia, South Korea, Italy, Sweden, Switzerland, United Arab Emirates or Brazil.

Strengths

- **Extensibility:** Salesforce has a highly extensible platform with support for custom objects, custom UIs, workflow, analytics, integration and AI.
- **Global presence:** The vendor has a sales and services presence across the globe.
- **Viability:** Salesforce is a large public company. It is investing significant resources in its billing product, including moving the code into its core platform and exposing the billing functions to all other Salesforce modules.

Cautions

- **One-time billing:** While users can issue an invoice for one-time charges and to capture refunds and credit notes, Salesforce Billing does not support proforma invoices, on-account billing or credit limits out of the box.
- **Invoicing:** Salesforce's support for invoicing is among the weakest evaluated for this report; split billing for a service is not supported and there is no out-of-the-box support for automatically delivering invoices by email. Salesforce did not benchmark the generation of 10,000 invoices during its demonstration to Gartner.
- **User experience:** The user experience and APIs are slow, and basic tasks require more clicks than in other products evaluated for this report. Recurring billing is built on the Salesforce order object (instead of service contract), resulting in an unintuitive UI flow.

SAP

SAP is a Leader in this Magic Quadrant because of its comprehensive product functionality. SAP is a public company headquartered in Walldorf, Germany. Launched in 2017, SAP Subscription Billing extends SAP S/4HANA Cloud Public Edition to provide a service contract management and billing solution for B2C and B2B use cases across a wide range of industries. The application is primarily sold to professional services, high-tech, industrial manufacturing, automotive, life sciences and healthcare companies. It runs in the vendor's own data centers plus AWS, Microsoft Azure and Google Cloud. Data can reside in Germany, the U.S., Netherlands, Canada, Saudi Arabia, China, Japan, India, Australia or the United Arab Emirates, or anywhere the hyperscalers are present.

Strengths

- **Mixed billing:** With comprehensive support for one-time, fixed recurring, usage and project billing, SAP has the best overall support for mixed billing of any of the vendors evaluated in this report.
- **Global deployment:** SAP is one of the best vendors evaluated for global deployments. The application UI, email templates and invoice templates are translated into more than 30 languages. All global currencies, date and time formats are supported. SAP has sales and professional services resources around the globe, and data can reside in almost every geography.
- **Extensibility:** The SAP S/4HANA Cloud platform is highly extensible with support for custom objects, custom UIs, scripting, approvals workflow, webhooks and staging of

updates between environments. However, the overall solution evaluated here encompasses at least four application stacks, and Gartner clients should not assume the same level of extensibility in them all.

Cautions

- **Self-service service contract management:** SAP Commerce Cloud supports self-service service contract selling and payment capture. However, contract amendments, monitoring usage and paying invoices are not supported.
- **Multiple application stacks:** The SAP Subscription Billing solution is a mashup of features from SAP S4/HANA Cloud, SAP Commerce Cloud and SAP CPQ, plus an SAP white-labeled version of DigitalRoute. Gartner clients should consider the additional administration skills required to support this heterogeneous application stack.
- **Operations:** SAP's uptime guarantee of 99.7% is one of the lowest of all the vendors evaluated for this report and its usage event rating is not yet proven at the scale of some of the other Leaders.

Stripe

Stripe is a Leader in this Magic Quadrant because it delivers fairly comprehensive recurring billing capabilities, is very easy to deploy and is used by a large number of companies. It is a private company based in San Francisco, California, and Dublin, Ireland. Launched in 2018, Stripe Billing enables rapid deployment of a billing solution for B2C and simple B2B use cases in a wide range of industries. The application is primarily sold to high-tech, healthcare, media and education companies. It runs on AWS and data can reside anywhere supported by AWS.

Strengths

- **Global deployment:** Stripe was the best vendor evaluated for global deployments. The application UI, email templates and invoice templates are translated into more than 40 languages. All global currencies, date and time formats are supported. Stripe offers real-time currency conversion.
- **Market understanding:** Stripe's product functionality has deepened and broadened recently to address the needs of all but the most demanding enterprise customers. With Stripe, companies can deploy a recurring billing solution in a matter of hours or a few days.

- **Operations:** Stripe supports over 250,000 companies on its cloud platform, some of which generate very large volumes of invoices. The product was fastest in our usage rating benchmark.

Cautions

- **Complex service contracts:** Aside from good support for ramps, Stripe Billing lacks key features for negotiating complex service contracts, such as customer-specific product attributes, multiple charges per product and bundles of products.
- **Project billing:** The product lacks support for project billing.
- **Revenue recognition:** Support for revenue recognition is limited to simple proration of deferred revenue, partial recognition of performance obligations and simple customizable revenue recognition rules.

Zuora

Zuora is a Leader in this Magic Quadrant because of its comprehensive product functionality and large installed base of customers. Founded in 2007, it is a public company (ZUO) based in Redwood City, California. Zuora Monetization Suite is a service contract management and billing solution for B2C and B2B use cases, where the products sold are simple. The application is primarily sold to the high-tech industry, with a significant number of media customers. It runs on AWS and Microsoft Azure. Data can reside in the U.S. and Germany.

Strengths

- **Product functionality:** Zuora offers comprehensive recurring billing capabilities. It was among the top vendors we evaluated for fixed recurring billing, invoicing, payment collection and dunning, and revenue recognition.
- **Extensibility:** The core Zuora platform is highly extensible, with support for custom objects, custom UIs, scripting, general purpose workflow, exporting data to analytics tools, webhooks and staging of updates between environments. However, the overall solution encompasses at least four technology stacks. Gartner clients should not assume the same level of extensibility in them all and should verify the completeness of the out-of-the-box integrations between the components.
- **Operations:** Zuora supports more than 1,000 companies on its cloud platform, all on the same software release. The largest of these customers generate very large volumes of

invoices and rate a large volume of usage events.

Cautions

- **Project billing:** Aside from basic fixed-fee milestone billing, the product lacks out-of-the-box support for project billing.
- **Industry strategy:** By focusing on high-tech companies and high-volume B2C companies, Zuora has limited its ability to satisfy the needs of larger and more demanding industries, such as telecommunications and financial services. Perhaps as a result, Zuora is growing less quickly than the other Leaders in this report.
- **Customer experience:** Despite the vendor providing some happy references for the customer survey conducted for this report, in client inquiries Gartner regularly hears from unhappy customers who cite shortcomings of the Zuora CPQ product, the vendor's inability to support their custom requirements, problems with customer support and substantial price increases at contract renewal. When evaluating Zuora, Gartner clients should insist on speaking to multiple existing customers with a similar business model and level of complexity.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant may change over time. A vendor's appearance in a Magic Quadrant one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

As this is a new Magic Quadrant, no vendors were added.

Dropped

As this is a new Magic Quadrant, no vendors were dropped.

Inclusion and Exclusion Criteria

Magic Quadrant research identifies and then analyzes the most relevant providers and their products in a market. The inclusion criteria represent the specific attributes that analysts believe are necessary for inclusion in this research. To qualify for inclusion, provider products must satisfy all of the following:

- **Availability:** The product was generally available for sale on 1 January 2024, without restrictions or special approval.
- **Cloud:** The product is implemented in the cloud and meets these requirements:
 - All technology infrastructure is managed either in the vendor's own data centers or those of a third party that is not the end customer.
 - The vendor implements upgrades as part of the cloud service. Upgrades are not performed by a third party, managed service provider, or the customer themselves.
 - The cloud service is licensed on a subscription basis, or metered pay for use.
 - All major application capabilities (end-user features, administration, schema extension, workflow and scripting) are performed in a web browser. Note that Windows GUI applications either running locally or on a central server are not acceptable.
 - Customers cannot modify the application source code. All customers run the same code. The vendor does not develop code for a specific customer.
 - The vendor must have delivered at least two upgrades containing new functionality in calendar year 2023. Upgrades may be pushed by the vendor or implemented at a time agreed by the vendor and the customer.
- **Must-have recurring billing capability:** The product provides out-of-the-box support for all the must-have capabilities listed in the market definition. At a minimum, the product must score at least 2.0 out of 5.0 for the following critical capabilities:
 - Fixed recurring billing
 - Usage billing
 - Invoicing
- **Cross-industry:** The vendor must derive at least 5% of its revenue from at least three different industries.

- **Vendor growth:** The vendor must have closed new deals for this product for an additional \$3 million (constant currency) of annual contract value (ACV) in 2023. Expansions within existing clients can be included, but not renewals of existing subscriptions.
- **Market presence:** The SaaS recurring billing product had software revenue of at least \$10 million (constant currency) in 2023 or at least \$2 billion (constant currency) was invoiced through the system in 2023.

Honorable Mentions

Microsoft was excluded because it narrowly failed to satisfy the usage billing requirement. Customers seeking a recurring billing solution who've deployed or are evaluating Microsoft Dynamics 365 as their ERP platform should assess the recurring billing capabilities natively available in Dynamics 365.

Evaluation Criteria

The following criteria were evaluated to calculate each vendor's Ability to Execute and Completeness of Vision. The evaluation was based on extensive vendor surveys, publicly available financial data, a standardized software demonstration, a customer reference survey and insights from Gartner inquiry calls.

Ability to Execute

To evaluate a vendor's Ability to Execute, Gartner considered the following criteria:

- **Product/Service:** The quality and depth of the software itself is the strongest predictor of customer success. The future is SaaS, cloud applications. We only consider features supported in the cloud for this report. The software was evaluated by an extensive live demo to Gartner's script. We assessed feature completeness, performance and scalability, usability and extensibility.
- **Overall Viability:** Gartner clients want to purchase software from a financially viable vendor that is committed to the long-term development and support of the software product under consideration. We reviewed survey responses and public financial data to assess the overall financial health of each organization and their level of commitment to their SaaS recurring billing product line.

- **Sales Execution/Pricing:** Continued sales growth is a predictor of the level of future investment in the software product.
- **Customer Experience:** Gartner clients want to acquire highly usable and reliable software that is well regarded by existing customers. The vendor should provide fast and effective technical support when issues are identified. We evaluated customer experience using a combination of usability scores from the live product demo, responses from the customer satisfaction survey and direct feedback provided in discussions with customers in the previous year.
- **Operations:** Customer satisfaction and profitability of the business line depend on efficient and effective operations. We evaluated responses to the vendor survey to assess the efficiency of software updates, ability to scale the application for the largest projects, and the capacity to support and implement the software around the globe.

Ability to Execute Evaluation Criteria

<i>Evaluation Criteria</i>	<i>Weighting</i>
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Low
Market Responsiveness/Record	NotRated
Marketing Execution	NotRated
Customer Experience	Medium
Operations	Medium

Source: Gartner (August 2024)

Completeness of Vision

To evaluate Completeness of Vision, Gartner considered the following criteria:

- **Market Understanding:** Providers must understand customer needs and translate them into products and services. We reviewed survey responses to evaluate recent product enhancements, product roadmap, understanding of the market and how each vendor competes with competitors.
- **Offering (Product) Strategy:** Buyers need a complete solution for quote-to-cash. While this does not all need to come from one vendor, the vendor must have a complete vision and approach to solving the business process in conjunction with partners. We used the live product demo to assess whether each vendor has a complete offering footprint. This can be achieved through a combination of organic development, acquisition and/or ecosystems. However, for ecosystems, Gartner pays close attention to the quality and support of third-party vendors. The vendor should have a clear approach for master data management across the integrated systems.
- **Vertical/Industry Strategy:** The requirements for recurring billing in every industry are converging. The dominant players in the future will offer solutions flexible enough to meet the needs of multiple industries. We used the live product demo plus survey responses to assess support for multiple industries.
- **Innovation:** There are several hundred vendors competing in the recurring billing market. To thrive, vendors must provide differentiated capabilities. We used the live product demonstration to assess innovative features of each product.
- **Geographic Strategy:** Gartner clients are often global organizations that require support for local languages, currencies, tax regimes, accounting standards and payment methods. It is also important to offer local implementation resources. We used survey responses to determine support for global deployments.

Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	Medium

<i>Evaluation Criteria</i>	<i>Weighting</i>
Marketing Strategy	NotRated
Sales Strategy	NotRated
Offering (Product) Strategy	Medium
Business Model	NotRated
Vertical/Industry Strategy	Low
Innovation	High

Source: Gartner (August 2024)

Quadrant Descriptions

Leaders

Leaders have the Ability to Execute their vision through products, services and demonstrably solid business results in the form of revenue and earnings. Leaders have significant successful customer deployments with multiple proofs of large-scale deployments. They achieve consistently above-average customer experience satisfaction scores. They are often the vendors against which other providers measure themselves.

Challengers

Challengers are often larger than Niche Players and demonstrate higher volumes of new business. They have the size and product capabilities to compete worldwide, but they might not be able to execute equally well in all geographic areas. They often achieve strong customer experience satisfaction scores. They may lack a strong functional vision or may have failed to deliver compelling new product enhancements during the past 24 months.

Visionaries

Visionaries are ahead of most competitors in their product plans and understanding of the market. They anticipate emerging and changing needs, and move the market into fresh areas. They have a strong potential to influence the direction of the market, but are limited in terms of execution and/or track record.

Niche Players

Niche Players offer a product that lacks some key functional capabilities, may not demonstrate the ability to consistently handle large-scale deployments across multiple geographies or may lack strong sales. These vendors may offer complete portfolios for a specific industry, but face challenges in one or more of the areas necessary to support cross-industry requirements. They may have an inconsistent implementation track record or may lack the ability to support the requirements of large enterprises. Even so, Niche Players sometimes offer the best solutions for the needs of a particular organization, considering the price/value ratio of their solutions.

Context

There are more than 240 vendors in the recurring billing applications market, and the vast majority did not meet the inclusion criteria for this Magic Quadrant.

The majority of the 240 vendors in this market have less than \$10 million in annual revenue. A recurring billing deployment is for the long term. Often, these systems are used for 20 or 30 years. Vendor viability is therefore a significant factor in our Ability to Execute score. This report excludes vendors with less than \$10 million in revenue or with no sales growth.

Gartner clients are seeking to procure cloud/SaaS software solutions. Therefore, this Magic Quadrant excludes on-premises products and hybrid cloud/on-premises products that fail to meet our strict definition of a cloud/SaaS application (see the Inclusion and Exclusion Criteria section for more details).

Functional requirements for all industries are converging. Gartner expects vendors of cross-industry recurring billing solutions to dominate in the future. Hence, this report excludes vendors that have a solution specifically built for a single industry.

Gartner expects companies to reduce the footprint of their ERP solutions and offload accounts receivable functionality to modern, SaaS recurring billing applications that can

handle billing, collections and revenue recognition for all types of charges including one-time, fixed recurring, usage and projects. This report excludes vendors that cannot bill for fixed recurring and usage at a minimum.

There are significant differences in the functional capabilities of the products of vendors included in this Magic Quadrant. For this reason, the product/service criterion received the heaviest weighting for our evaluation of Ability to Execute. A product's capabilities were determined by a three-hour live product demonstration to Gartner's standardized script. This demo included a benchmark of the vendor's ability to rate 1 million usage events and to generate 10,000 invoices.

The heaviest weightings for Completeness of Vision were accorded to each vendor's past execution of its product roadmap and vision, and to the level of innovation in its current product.

Gartner recommends using this Magic Quadrant to aid your evaluations, but also exploring the market further to assess the capacity of each vendor to address your unique business problems and technical concerns. Your shortlist should be determined by the complexity and scale of your requirements. This Magic Quadrant is not designed to be the sole tool for creating a vendor shortlist — use it in combination with the companion Critical Capabilities report as part of your due diligence, in conjunction with discussions with Gartner analysts.

Magic Quadrants are snapshots in time. To be impartial and to complete our analysis, we stop our data collection efforts at a consistent time for all vendors. In this case, the survey cutoff date was April 2024, and the product demonstrations were completed by mid-May 2024. Some product capabilities may have changed since then.

Market Overview

The recurring billing applications market was about \$5 billion in 2023, with only about \$1 billion of that generated by the modern SaaS vendors included in this report. The remainder is made up of revenue from on-premises billing vendors dedicated to the telecommunications, financial services and utilities markets. Gartner expects modern, cross-industry SaaS solutions to increasingly penetrate those traditional markets with lower-cost, more innovative products. It is likely that consumer and high-tech recurring billing markets have reached, or are close to, peak subscription with almost every opportunity for recurring billing having been explored. New growth for the SaaS players will most likely come from

displacing high-cost, established players in the traditional recurring billing industries, plus replacement of accounts receivable footprint in ERP solutions. As high-cost solutions are replaced by lower-cost solutions, the overall total addressable market may actually shrink as the market share for SaaS solutions grows.

⊕ Evaluation Criteria Definitions

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