

SEPTEMBER 2017

Compass Guide to WCM, Q3 2017

Evaluation of Sitecore Experience Platform 8.2.1

By: Tony White



TABLE OF CONTENTS

| | |
|---|-----------|
| Ars Logica Position | 3 |
| Notes & Resources | 3 |
| Vendor Overview | 4 |
| Vendor History & Key Recent Developments | 5 |
| Profile of the Ideal Customer | 6 |
| Key Product Strengths | 7 |
| Key Product Limitations | 8 |
| Vendor / Product Report Cards | 9 |
| Report Card Evaluation Criteria - Business Users | 11 |
| Report Card Evaluation Criteria - Technologists | 12 |
| About Ars Logica | 13 |



All content copyrighted by Ars Logica. You are permitted to use this report solely for your own personal use or your organization's internal use. You agree to honor the Ars Logica copyright by not distributing this report without Ars Logica's express written permission. All statements and analysis are based on Ars Logica's experience and opinion. Readers assume all responsibility and liability for their usage of this report, and further agree that Ars Logica shall not be liable under any circumstances for any result of their, or anyone else's, usage of this report. All information is provided on an "As Is" basis, and Ars Logica makes no warranties, express or implied, relating thereto.



Sitecore Experience Platform 8.2.1 Product Evaluation

By: Tony White

Date: September 2017

ARS LOGICA

ARS LOGICA POSITION

Sitecore Experience Platform (XP) is the market-leading WCM platform. It boasts some of the industry's most robust native digital marketing capabilities, and its UI consistently garners excellent ease-of-use ratings from non-technical business users. For technologists, XP leverages enterprise technology stacks commendably and provides a rich set of development tools. New cloud offerings, strategic commitment to digital experience technologies, top scoring in Compass Guide business-user categories, and improved technical underpinnings, all combine to give Sitecore our highest overall WCM product rating.

NOTES & RESOURCES

Sources of Information

Some company and product information contained in this report was collected via Ars Logica's 172-item vendor questionnaire. Vendor responses were independently verified through customer interviews, implementation monitoring, product documentation, Ars Logica's knowledge base, and hands-on product testing.

Platforms Included

The Compass Guides include the platforms that Ars Logica considers to be the most significant in the WCM market. While scores on our business and technology scorecards vary widely, each platform evaluated will be a best-fit given the right use case, and may therefore prove worthy of shortlisting.

Customer Interviews

Ars Logica has interviewed users of every product covered in the Compass Guides, including Sitecore XP.

Implementation Monitoring

Since the 1990s, Ars Logica founder Tony White has kept close tabs on ongoing WCM implementations. Some of this knowledge is represented in the Compass Guide reports.

No Vendor Influence

Ars Logica retains complete editorial control over the Compass Guides and receives no funding in their production.

Sitecore Vendor Overview

Sitecore is a midsize, market-leading, Copenhagen and Bay Area (California) based WCM / digital experience vendor. The company was founded in Denmark in 1999, releasing Sitecore 1.0 in 2001 after two years of growth as a CMS professional services firm. The vendor currently markets its technology platform to upper-midsize and large enterprises with .NET technical infrastructures and requirements that include digital experience management, marketing campaign management, e-commerce, and multi-channel customer engagement. Sitecore has recently strengthened its market momentum through majority-stake outside investment, long-anticipated management changes, and a significantly expanded technology strategy.

Company Profile

Year founded: 1999
Headquarters: Copenhagen; North American headquarters in Sausalito, California
Employees (or FTE equivalents): 900
Geographies: Global
Revenue: \$200 million (est.)
Product types offered: WCM, digital experience management, e-commerce
Commercial or open source: Commercial
Strategic implementation partners: Accenture, Avanade, Capgemini, Deloitte Digital, EPAM, Nonlinear (now Valtech), PwC Digital Services, POSSIBLE, SapientRazorfish
Top competitors: Acquia, Adobe, Episerver
Key vertical industries: Consumer packaged goods, financial services, government, retail, travel and tourism

Product Profile

Product Name: Sitecore Experience Platform
Version: 8.2.1
Next version release date: Q4 2017
Market Segment: Enterprise
Average sales price (license only): \$200,000
Technology Platform: .NET
Key Strengths: Excellent usability & UI quality, robust native content marketing tools, rich development environment
Key Limitations: Cloud offerings only recently available (strategy lags somewhat behind competitors)
Highest-Value Use Case: Enterprise deployment at upper-midsize to large organization with a .NET infrastructure and full digital experience management requirements or plans

Vendor History & Product Evolution

Founded in Denmark in 1999 as a professional services company, Sitecore productized in 2001 much of what it had developed for its clients in the form of CMS 1.0, its first commercially-available offering. After opening offices and doing quite well in Sweden and Germany, the company repeated the success by opening other offices throughout Europe. In 2004, Sitecore launched in the U.S., with similar results. The vendor's growth stems from a number of factors, but chief among them is its focus on a pure .NET product architecture and reliance on a network of development partners. Whereas some WCM vendors with beginnings as systems integrators continued to rely on revenue from their professional services business after launching their first software products, Sitecore immediately off-loaded as much implementation work as possible to partners, allowing the vendor itself to focus almost exclusively on product development. This phenomenon has resulted in a consistent 90+ percent of the vendor's revenue derived from product licenses, a major factor behind Sitecore's traditional ability to keep prices lower than the other top three or four vendors in WCM market.

As with other .NET-centric technologies with a heavy reliance on Microsoft-defined standards, clients sometimes ask whether Microsoft itself may launch a competitive product. Ars Logica believes that this risk is so near zero as to be completely negligible. Microsoft has never demonstrated serious interest in WCM, despite relevant technology acquisitions and improved versions of SharePoint.

Sitecore significantly expanded the range of offerings in post-7.x releases of its platform. What used to be Sitecore CMS is now Web Experience Manager, the foundation of the Content Management lineup. Together, Experience Database (xDB, which provides the foundation for customer data, profiling, and analytics), Cross-Channel Delivery (including products such as Email Experience Manager), and Sitecore Commerce represent a significant broadening of, and improvement to, the vendor's roadmap. They essentially represent the emergence of Sitecore as a purveyor of true digital experience management.

Key Recent Developments

On a corporate level, important recent changes include EQT's Q2 2016 majority-stake investment and the Q3 2017 appointment of a new CEO. These developments are not surprises, but rather what Ars Logica considers well-reasoned boons to the ongoing execution of a methodical-but-aggressive growth strategy. On a product level, the Q4 2016 availability of Sitecore on Azure PaaS, and the Q3 2017 release of Sitecore Managed Cloud/Premium (the latter through a partnership with Rackspace), represent an essential step forward. The lack of its current, complete set of cloud offerings was Sitecore's major platform limitation until May 2017. Though lagging behind competitors chronologically in this regard, Ars Logica regards the new cloud lineup as very respectable – the next year may well witness cloud parity for Sitecore with the ablest of its competition.

Profiling the Ideal Buyer

The ideal buyer of Sitecore XP is normally an upper-midsize to large company with a digital presence that underlies mission-critical digital marketing and e-commerce initiatives. The vendor's traditional strengths in the retail, publishing, and government sectors stem primarily from the high value ("bang for the buck") of the Web Experience Manager product, but recent gains in other industries (banking, consumer packaged goods) reflect the quality of the platform's expansion: Intelligence (xDB's data, analytics, and profiling capabilities), Cross-Channel Delivery (e-mail, commerce, mobile, social, print), and E-Commerce (Sitecore Commerce, optionally integrated with Microsoft Dynamics).

In the last Compass Guide on Sitecore, we advised that organizations with non-.NET technology environments not consider the CMS product. While it is true that .NET synergies abound, large enterprises with complex IT infrastructures should not eliminate XP from consideration. Much has been done in the past few years to improve the platform's APIs, and therefore to make it a viable candidate for cross-enterprise application integration.

- **Midsize to Large Company with Full Digital Experience Management Requirements**

Although nothing prevents other companies from using Sitecore, the customer who can extract the most value from the product is typically the upper-midsize to large enterprise with a wide range of digital experience management requirements.

- **Selection Criteria in Line with Ars Logica's Category Weightings**

Sitecore takes top spot in the rankings with our default feature-functional category weightings. Take special care to adjust these to prioritize your requirements properly.

- **Digital/Web Engagement Initiatives Managed by Non-Technical Resources**

Sitecore is an industry leader in product usability, making it a favorite among non-technical users.

Sitecore Will Not Be a Good Fit, If...

It is important for Sitecore buyers to realize that, under the hood, the product is a complex one. You will likely need a significant pool of (.NET) developers to implement and maintain the product adequately. And while the fit between Sitecore and other .NET platforms can prove especially tight, heterogeneous cross-enterprise application integration is now more feasible than with pre-8.x versions. Still, a good portion of the platform's value proposition rests on the widespread availability of .NET developers and their facility with configuring and customizing the Sitecore platform. Lastly, in the past, the product's somewhat low average sales price (relative to direct competitors) led some customers to underestimate its complexity. Prices are now in closer alignment with the platform's capabilities.

Key Product Strengths

Sitecore consistently gets very high ratings from its customers for ease-of-use. Ars Logica's product assessments over the years confirm these ratings, and we believe that Sitecore's intuitive UI provides an industry-leading contextual content creation, publishing, editing, and marketing experience for non-technical users. Our Usability & Interface Quality score of 8.1 is the second highest of all platforms evaluated in the Compass Guides, and Sitecore remains roughly on this level across the other categories of interest to business users: Content Marketing Tools (ranked second), Enterprise Tech Stack Leverage (three vendors share the second highest score), and Momentum & Strategic Vision (ranked first).

Technical performance is also very good, with a second ranking for Development Tools and a fourth for Flexibility. These strengths promise developers a rich set of APIs and a standards-based development environment that improve long-term implementation viability and reduce risks of vendor lock-in.

While this report specifically evaluates WCM performance, XP's offerings beyond Web Experience Manager supply the range of additional functionality that constitutes full digital experience management. Within a .NET technical environment, if a prospective customer's weighting of evaluation criteria approximates ours, Ars Logica recommends shortlisting Sitecore. The platform receives our #1 rating in the business-user categories, our #5 rating in technical categories – and our top overall rating for all categories combined.

FIGURE 1 Sitecore Experience Platform 8.2.1, Key Product Strengths and Limitations

Below are several key product strengths and limitations that potential buyers should keep in mind when assembling vendor shortlists.

KEY STRENGTHS

KEY LIMITATIONS

| | |
|--|--|
| Very good native content marketing tools (ranked second of all platforms evaluated) | Complete set of current cloud offerings not available until May 2017 – cloud strategy somewhat behind competitors |
| Usability and interface quality (ranked third of all platforms evaluated) | Market feedback suggests that service partner quality ranges more widely than expected. |
| Robust leverage of the enterprise tech stack (ranked fourth among all platforms evaluated) | .NET environment may not appeal to some, though improved APIs make true enterprise application integration possible. |
| Platform flexibility (ranked fourth among all platforms tested) | |
| Excellent development tools (ranked second among all platforms tested) | |

Sources of information: product testing, product updates, customer interviews, vendor questionnaire

Key Product Limitations

When it comes to key limitations in Sitecore XP, the name of the game seems to be that limitations and benefits come in pairs. It was three months ago that Sitecore completed the full set of cloud offerings. Chronologically, Sitecore's cloud strategy lags behind competitors'. That said, XP is now fully available in four cloud versions: Sitecore on Azure IaaS, Sitecore on Azure PaaS, Sitecore Managed Cloud, and Sitecore Managed Cloud Premium (through a partnership with Rackspace). So while the refinement of the new cloud offerings may not yet match other market leaders, most such shortcomings can be addressed through the expertise of top-tier implementation partners.

Next, some feedback that we've received indicates that the quality of Sitecore's service partners ranges more widely than we've seen with other WCM industry leaders. This holds true specifically when a selected partner is one whose implementations haven't included the 8.2.1 improvements. It is specifically the rapid evolution of the platform over the last year (and especially the last six months) that accounts for the wider range in partner quality. This same evolution has also caused some customers (and even analysts) to comment on the "increased pricing complexity" of the platform over the past 12-24 months. Just before publication of this report, Ars Logica shared this perception. However, upon careful comparison of Sitecore's current pricing model to those contained in the vendor's 2012 and 2014 RFP responses to Ars Logica customers, what becomes clear is that the complexity of the model has not increased, but rather that roughly the same model covers a wider range of offerings.

A previous Compass Guide to WCM report on Sitecore stated, "Ars Logica has long been annoyed by market misperceptions of Sitecore based solely on the product's price. Not only do potential customers themselves tend to underestimate the product's sophistication as a result of the high functionality-to-price ratio, they also commonly rely on analyst reports that group WCM products into price-based tiers. Given the amount of inaccurate vendor and product information available to prospective WCM buyers, we certainly understand why customers sometimes group products together on this basis ... In this market, it is important to keep in mind that technically similar products sometimes vary in price by factors of two or three (and sometimes more)." In our view, dramatic evolution of Sitecore platform justifies increases in both price and pricing complexity. The increases are essentially corrections.

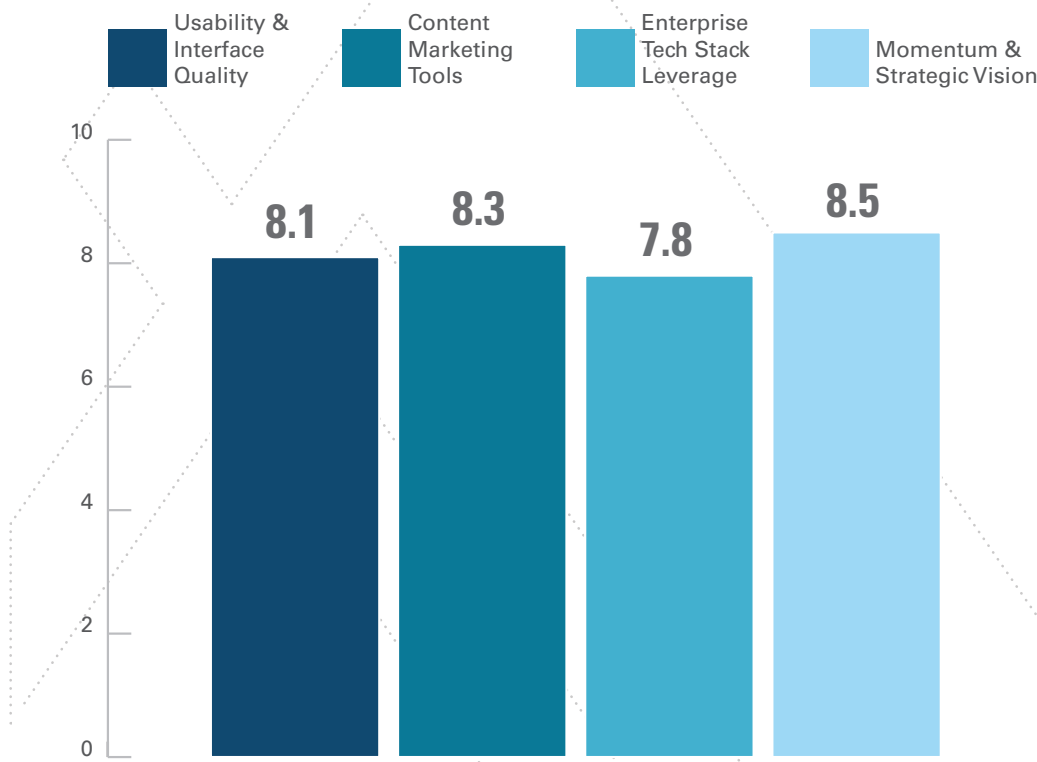
Sitecore's latest release has experienced a drop in ease-of-administration scores from previous major versions (7.x and 6.x). This is to be expected. The normal scoring pattern across the categories for technologists is that, as scalability and flexibility increase, ease-of-administration decreases. This correlation also holds true between tech-stack leverage (in the business-user categories) and ease-of-administration. To give but one data point, the availability of eXperience Accelerator (SXA) is a clearly net positive – improving usability significantly while offering native Azure integration – but it does add complexity to ongoing administration of the platform.

Vendor/Product Report Cards

The features, functions, and technical underpinnings of WCM products vary considerably, as do the customer requirements they are intended to satisfy. For this reason, the only reliable way to assure the best product fit for a particular client is to spend anywhere from several weeks to several months assessing the client's specific needs and analyzing product capabilities line by line. Still, Ars Logica is frequently asked to rate products in categories such as those in Figures 2 and 3. In using these ratings, please take care to weight each category in accordance with its importance to your needs. While the average scores across these categories might be the same for two products, proper weighting will likely cause the scores to diverge – often significantly.

FIGURE 2 Sitecore Experience Platform 8.2.1 Report Card for Business Users

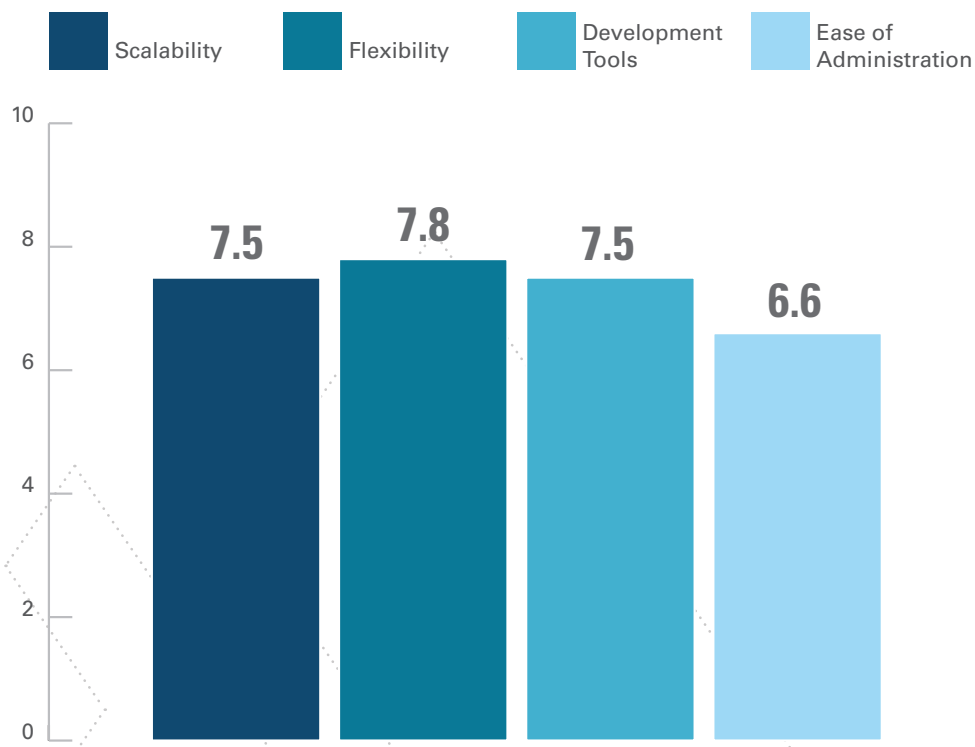
Figure 2 shows Ars Logica's rating of Sitecore Experience Platform 8.2.1 in four WCM categories of critical importance to business users. Refer to Page 11 for an explanation of the evaluation criteria.



Sources of information: product testing, product updates, customer interviews, vendor questionnaire

FIGURE 3 Sitecore Experience Platform 8.2.1 Report Card for Technologists

Figure 3 shows Ars Logica's rating of Sitecore Experience Platform 8.2.1 in four WCM categories of critical importance to technologists. Refer to Page 12 for an explanation of the evaluation criteria.



Sources of information: product testing, product updates, customer interviews, vendor questionnaire

Report Card Evaluation Criteria

In the process of analyzing WCM solutions, Ars Logica has established a set of evaluation criteria, which at the highest level can be separated into four categories for non-technical business users and four categories for technologists. Scores in these categories represent averages of a large number of detailed criteria, and are meant to be used as a means of quickly comparing products within the same market segment.

Criteria for Business Users

- **Usability & Interface Quality**

Usability refers to the relative ease of learning and using a WCM application. For non-technical business users, factors contributing to high scores in this category include intuitive and consistent user interfaces, streamlined task completion (i.e. minimal number of steps to complete a task), integration with the desktop and between product modules, contextual editing capabilities, and documented high user adoption rates among a vendor's customers.

- **Content Marketing Tools**

Marketers need tools within WCM platforms to improve sales conversion rates, increase average transaction amounts, draw customers back to their websites, analyze online behavioral patterns, and deliver unique customer experiences. This category rates the presence and quality of such tools, including segmenting, targeting, testing, personalization, site optimization, and mobile support.

- **Enterprise Tech Stack Leverage**

This category assesses a product's ability to integrate with and leverage the data and functionality of essential enterprise technology platforms such as CRM, ERP, marketing automation, e-commerce, portal, analytics, and social media management.

- **Momentum & Strategic Vision**

This category represents a combination of a vendor's market momentum (current market share adjusted for acceleration or deceleration over the past 24 months) and the completeness of its market strategy, which includes commitment to technology and implementation partners, meaningful evolution of WCM products, and support for marketing programs.

Criteria for Technologists

- **Scalability**

Scalability refers to the ability of a product to function well as system demands increase. Factors contributing to scalability are database size, query efficiency, bandwidth consumption, ease of system management, caching efficiency, load balancing, and mass content deployment capabilities.

- **Flexibility**

Flexibility denotes a product's ability to integrate easily with existing enterprise infrastructure, including operating systems, Web servers, databases, directories, development tools, and other enterprise applications such as ERP, CRM, e-commerce systems, search, portals, and so forth.

- **Development Tools**

This category describes the quality of a product's integrated development environment (IDE), the technologies that the IDE incorporates, and overall ease of customized application development. Although this category refers primarily to development frameworks, other ad hoc tools are also included, such as page- and site templating, alternate interfaces, scripting tools, configuration utilities, pre-defined coding functions, mobile development accelerators, and any other functionality that enables or eases the installation, development, and customization of WCM implementations.

- **Ease of Administration**

Some WCM products require significantly more work to administer than others. This category rates the relative resource intensity required to keep the system running smoothly, where higher scores reflect less work. Roughly speaking, higher scores also indicate better coordination of application components due to more methodical system design.



SERVICES

Advisory Services

Ars Logica is a vendor-neutral analyst firm helping companies evaluate their digital experience requirements and select appropriate software. To address clients' questions and concerns that arise throughout the year, Ars Logica offers unlimited direct analyst access through its Analyst Anytime advisory services. These annual, subscription-based services provide guidance by phone or email within 24 hours on a wide range of issues. The number of inquiries submitted throughout the year is not limited.

Software and Technology Selection

In our technology selection engagements, Ars Logica maps clients' functional, technological, and strategic requirements to potential software platforms and identifies the vendors whose products best satisfy these requirements. We maintain a continuously updated comprehensive matrix of the feature-functionality of most digital experience vendors' products and solutions. We receive frequent briefings from these vendors and have in-depth conversations and consulting engagements with their customers, ensuring that we always understand the actual state of vendors' offerings as well as their forward-looking strategic directions.

Custom Engagements

Ars Logica's expertise in technologies such as web content management, digital experience management, digital asset management, marketing campaign management, enterprise search, and portals, gives us the open-ended ability to help clients on a wide range of projects, including: building internal business cases, assessing technology requirements, analyzing software products and vendors, selecting and assembling software solutions, crafting digital strategies, and running corporate educational seminars. We also assist vendors in developing strategic roadmaps, and we present our view of the digital experience market at industry conferences and end-user events.

Contact

Tel: +1 617.943.5611
30 Newbury Street
Third Floor
Boston, MA 02116
consulting@arslogica.com
www.arslogica.com