MARKETPLACE[SM]

SUITE SPOT

Online Marketplace Platform Comparison Report

FEATURING:

MARKETPLACER™

AN EVALUATION OF MARKETPLACE AND DROP SHIP PLATFORMS

LOGICBROKER - MARKETPLACER - MIRAKL - SPRYKER - UNIRGY - VIRTO COMMERCE - VTEX - WEBKUL

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1. INTRODUCTION

WELCOME TO THE THIRD EDITION OF THE MARKETPLACE SUITE SPOT REPORT

The Marketplace Suite Spot Report evaluates the top technologies that businesses can use to create, launch, and grow a multi-vendor ecommerce ecosystem in the form of a marketplace, drop ship, or hybrid model. Some solutions require a stand-alone ecommerce platform to handle the shopping and transacting functions, while some offer this functionality as part of an integrated full-stack suite. Some solutions also offer varying degrees of native order management capabilities and even some native customer service messaging functions. This report focuses on the aspects pertaining to enabling - at minimum - the ability to list, sell, and handle tax and payments for a two-sided marketplace (buyer and seller).

The third edition of this report expands from seven to eight featured vendors and reflects further maturation of the space and is a leading indicator of the proliferation of the marketplace model. The vendors present in this report were evaluated in relation to their ability to provide a breadth and depth of marketplace-specific features that will enable scale and maturity. Scale is defined by factors like Gross Merchandise Value (GMV), seller, count SKU count, or project budget. Maturity capability is graded on the Marketplace Maturity Model scale (vendor's ability to iterate, expand, and grow with you). Details of the extensive evaluation process are described in chapter 6.

The core capabilities of these multi-vendor enabling solutions include the ability to manage a multi-seller catalog, sellers, commissions, payment and tax, and order management. These are the foundational functions that transform a traditional (first party) ecommerce site into a multi-vendor marketplace. From that central set of features, these marketplace-enabling options vary significantly in the types of features offered and the sophistication of those features. The ratings and opinions included in this report are intended to serve as a guide, but selecting the "best" platform involves mapping business requirements to the unique capabilities of each vendor.

Understanding this ever-evolving landscape in relation to each specific use case is best accomplished with direct dialogue and further exploration of all platforms and technologies referenced in this report. All of these vendors have demo programs and people willing to listen and inform as part of an evaluation process. Engaging multi-vendor commerce experts such as those at McFadyen Digital to serve as a marketplace guide can ensure a smooth journey.

MARKETPLACE ARCHITECTURE COMPONENTS

Most marketplaces are two-party platforms: buyers (customers) and sellers (3P vendors) of products. Often there is one platform which faces the customers (e.g. a traditional ecommerce platform like Adobe Commerce, commercetools, or Salesforce Commerce Cloud) and another platform (e.g. a marketplace platform) that faces the sellers. Some full-stack vendors offer both a customer-facing ecommerce engine and a seller-facing marketplace engine in their platform. The upper half of the following diagram shows the customer (buyer) facing components. The lower half shows the seller facing components.
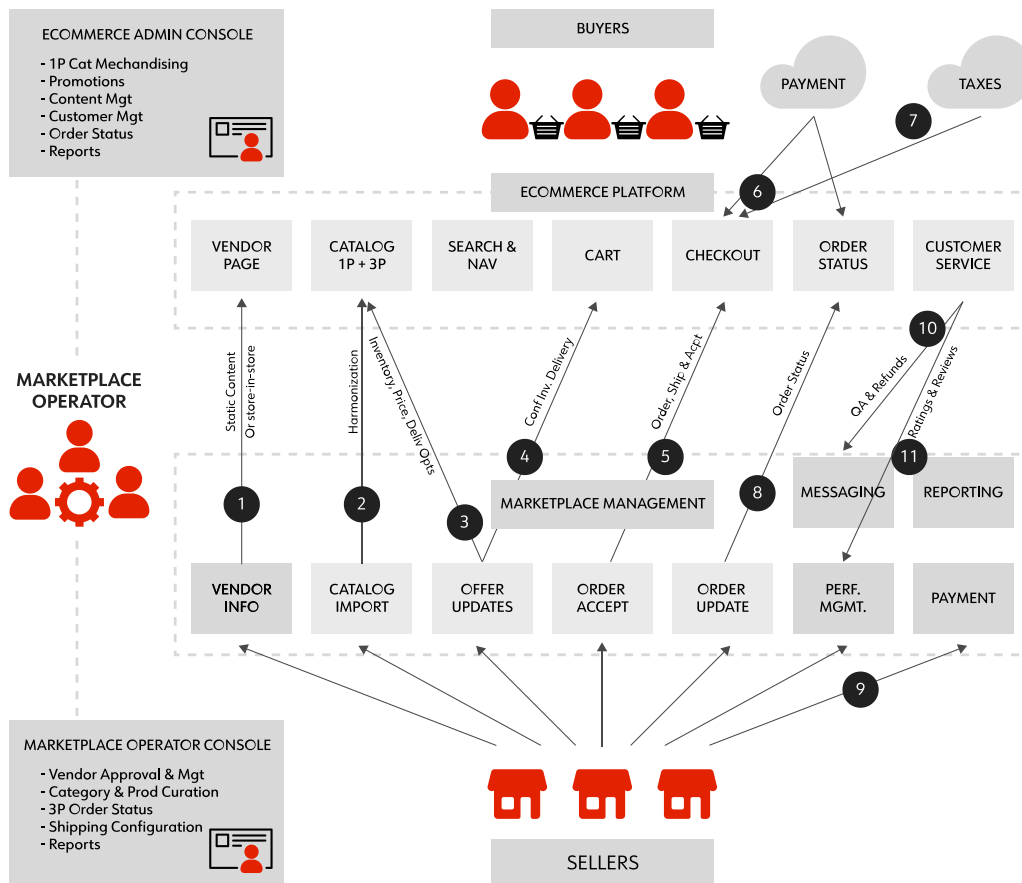
An example of a two-platform solution is Adobe Commerce or commercetools as a customer-facing ecommerce platform and Logicbroker, Marketplacer, Mirakl, or Unirgy as a seller-facing marketplace. An example of a full-stack combined solution would be VTEX, Spryker, or Virto Commerce which offer both a customer-facing ecommerce platform and seller-facing marketplace functionality. Engaging a sufficient quantity and quality of 3P sellers (vendors) is critical to the success of a marketplace. Often there will be a Vendor Aggregation Network (VAN) like ChannelAdvisor in front of some or all vendors, while Mirakl (via Mirakl Connect) and VTEX (via native store-to-store OMS integrations) also offer their own proprietary vendor networks in addition to supporting the VANs and direct vendor integrations. Details in chapter 5.

2. COMPARISON OVERVIEW & CRITERIA

As previously referenced, there is no "best" marketplace platform, as vendors target a variety of business requirements and each use case will prioritize a unique collection of features. In the case of marketplace enablement technologies, defining requirements early in the process is key to selecting the right platform. Even when multiple platforms handle a similar task, the degrees of flexibility and automation of that task can vary wildly. This report attempts to contextualize these features in a way that allows the reader to discern the market served by each solution, the depth of each feature set, and the level of maturity to which each solution will allow your business to grow.

The primary criteria for this evaluation are **marketplace maturity** and **marketplace scale**, then by secondary factors such as **cost** and **delivery model**.

CRITERIA 1 (HORIZONTAL AXIS): MARKETPLACE MATURITY

The Marketplace Maturity Model (MMM)℠ is the industry standard assessment of marketplace capabilities. It is one of the two main dimensions upon which the Marketplace Suite Spot evaluation is performed. The full model guide can be accessed at mcfadyen.com/mmm. Much like the popular Capability Maturity Model (CMM), the Marketplace Maturity Model details five levels of sophistication of digital commerce and marketplaces.

Level 1: 1st Party Ecommerce: Site operator sources products, negotiates purchase contracts, merchandises, carries the inventory (physically & financially), determines pricing, ships products, handles the logistics, and returns.

Level 2: Dropship: Adds 3rd party products without the need to physically or financially carry the products. However, the ecommerce operator must still source products, negotiate contracts, merchandise, price, and support products.

Level 3: 3rd Party Marketplace: Enabling others to transact on your commerce platform creates a scalable network effect ecosystem. 3rd party sellers source products, merchandise, carry, price, fulfill, and often support products while the marketplace operator receives a commission for facilitating the transaction.

Level 4: Quantitative Management: Running a marketplace by numbers enables even greater scale. Massive amounts of data can be collected, monitored and used to fine tune the business.
Many processes (e.g. seller management, product curation) can be automated based on metrics.

Level 5: Optimizing: Amazon & other leading marketplaces are continuously innovating with new features, business models, markets & integrations. An example is selling third party services (e.g. electrician) in addition to a 3P product (e.g. ceiling fan).
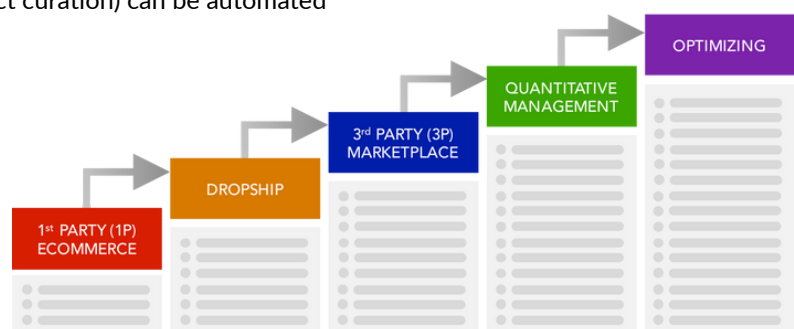
CRITERIA 2 (VERTICAL AXIS): MARKETPLACE SCALE

The second major dimension on which the marketplace platforms have been analyzed is their proven scale. While all vendors claim the ability to scale to enterprise levels, we based scalability on proven live marketplaces.

Each vendor has a different "sweet spot" range. An easy-to-use low-cost marketplace platform is a better fit for a company that needs to support several thousand SKUs with < $100K budget. An expensive & complicated platform may be better for an enterprise planning to quickly scale to a quarter billion dollars of GMV with several hundred thousand SKUs from thousands of 3P sellers.

There can be many metrics for "scale" but for simplification we set benchmarks on four metrics:
GMV: Gross Merchandise Value, or the total dollar value of annual online sales (1P + 3P).
SKUs: Stock Keeping Units, including total variants (size, color) of all products.
Sellers: Third-party (3P) vendors that sell on the marketplace.
Project Budget: The first-year budget allocated to build and launch a marketplace including the cost of software (one-time up-front plus 12 months of recurring fees) and professional services for design and implementation.

GMV, SKU count, seller count and project budget may not always align in this manner, but we provided three reference points for scale:

High Volume: $1 billion of GMV with 1,000,000 SKUs from 5,000 sellers and a budget of $2,000,000.
Mid-Volume: $100 million of GMV with 100,000 SKUs from 500 sellers and a budget of $500,000.
Low-Volume/MVP: $10 million of GMV with 10,000 SKUs from 50 sellers and a budget of $100,000.

Vendors are positioned in their "sweet spot", not positioned to cover every potential edge case. To draw an analogy with ecommerce vendors, there are large $10 Billion enterprises using turnkey SaaS-based ecommerce platforms (e.g.: Shopify) and small $10 Million companies using monolithic legacy platforms (e.g.: Hybris). Although these edge cases exist, neither would be considered the typical "sweet spot" for the respective ecommerce solution.

## OTHER KEY CRITERIA (COST, EMPLOYEE HEADCOUNT)

Guidelines for cost are also presented. Pricing models may contain a combination of a one-time initial fee, a recurring fixed fee, and/or a percentage of GMV revenue share fee (often 0.5%-3%). Pricing for enterprise software is often negotiated (especially at quarter-end) but low-cost extension modules are generally fixed price. Often one of the fees (setup, subscription, or GMV%) can be reduced in exchange for increasing another. Costs can vary from $1,000 one-time fees to over $1,000,000. Cost ranges are indicated with one dollar sign ($) to four dollar signs ($$$$). Employee headcount figures are sourced from each vendor's public LinkedIn profile.

3. COMPARISON GRAPHS & TABLES

Marketplace platforms have a "sweet spot" where they best fit. With an increasing amount of overlap in the mid-range and separation at the high-end, determining technical and functional priorities early in the process helps narrow the search. The Marketplace Suite Spot graphs below show the best fit range for each vendor. Vendors may be able to stretch and perform outside these sweet spots, but other platforms may be a better natural fit.

The plot below shows the comparison overlay view, where the marketplace platforms themselves are drawn to represent the relative scale and maturity representing their sweet spot. It should be noted that neither the size of the vendor organization, nor the estimated market size is represented on this plot, but instead the range of proven marketplace client references.
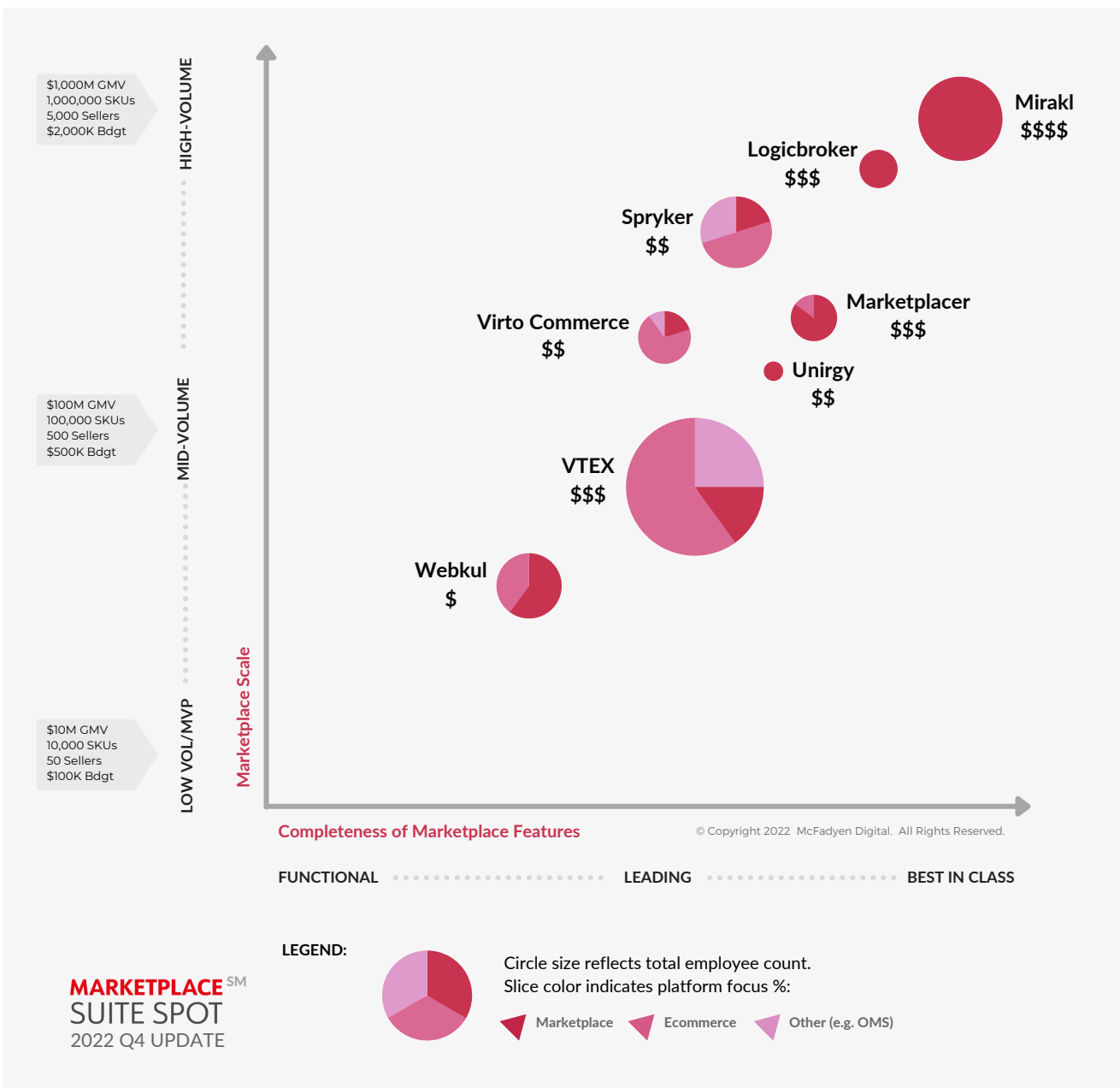
Overlaying eight vendor "sweet spot" ranges on one graph is somewhat crowded, so each vendor is shown individually in chapter 4.
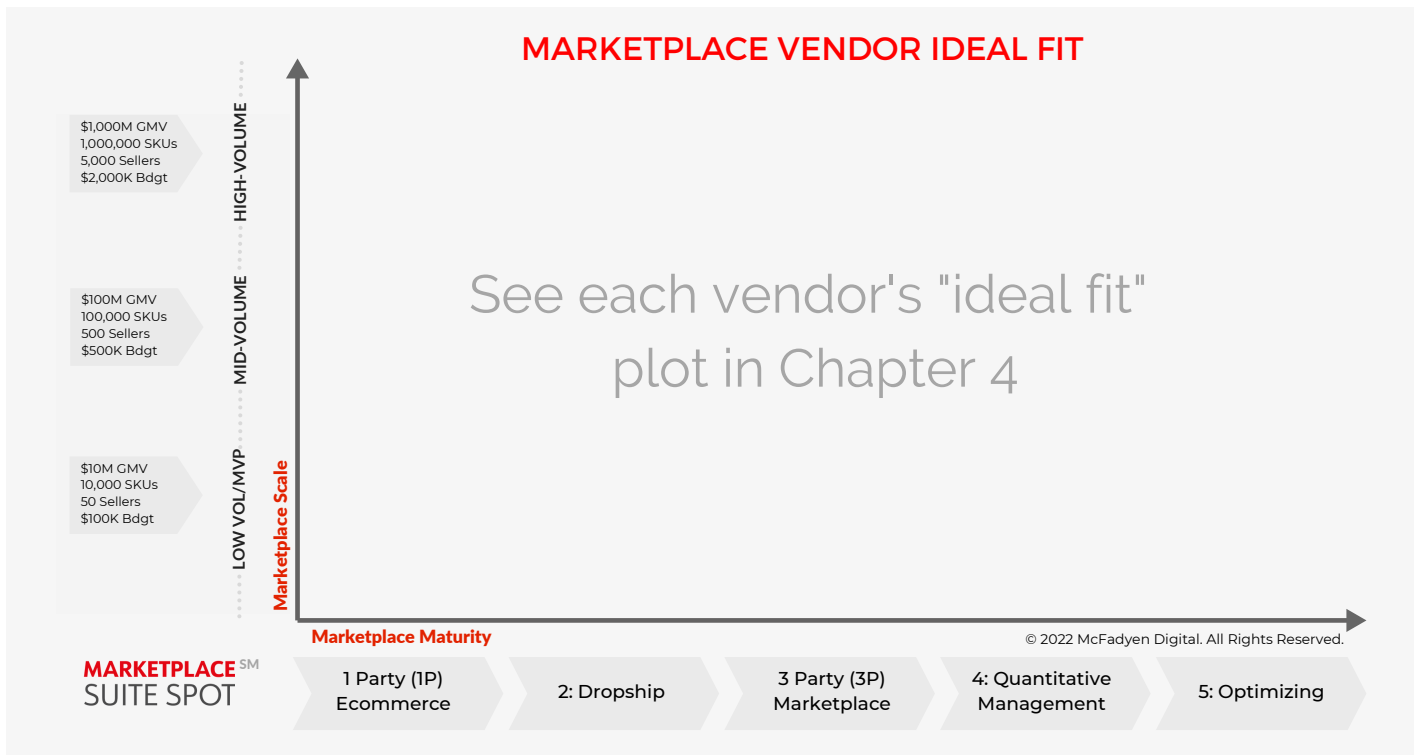
The McFadyen Digital team has worked hands-on with many of the platforms analyzed in this document. We have also performed analysis on all the platforms referenced in this report. This is not an analysis of traditional 1P ecommerce platforms, so vendors with only those offerings are not addressed outside the context of integrations with these marketplace technologies.

SUITE SPOT PLOTS: COMPLETENESS & SCALE GRAPH

The Marketplace Completeness & Scale quadrant represents four factors. The Y axis relates to a platform's proven "ability to scale", similar to the previous Suite Spot Plot, from the SMB/MVP level to the mid market and up to global enterprise scale. The X axis represents a platform's "completeness of marketplace features" in terms of offering a comprehensive set of mature features, ranging from functional, to segment leading, to best-in-class. The size of each vendor's circle represents their relative employee size while the color designates the focus on marketplace, ecommerce, and OMS (or other) capabilities.
The dark red area of each vendor's pie indicates employee headcount focused on marketplaces.
The 1-4 dollar signs indicate relative cost of each platform.

HIGH-VOLUME
$1,000M GMV
1,000,000 SKUs
5,000 Sellers
$2,000K Bdgt

Mirakl
$$$$

Logicbroker
$$$

Spryker
$$

MID-VOLUME
$100M GMV
100,000 SKUs
500 Sellers
$500K Bdgt

Marketplacer
$$$

Virto Commerce
$$

Unirgy
$$

VTEX
$$$

Webkul
$

LOW VOL/MVP
$10M GMV
10,000 SKUs
50 Sellers
$100K Bdgt

Marketplace Scale

Completeness of Marketplace Features

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FUNCTIONAL .... LEADING .... BEST IN CLASS

LEGEND:

Circle size reflects total employee count.
Slice color indicates platform focus %:

Marketplace   Ecommerce   Other (e.g. OMS)

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2022 Q4 UPDATE

SUITE SPOT PLOTS: VENDOR COMPANY COMPARISON GRID

The Vendor Comparison Grid is a high-level overview of each company, including some basic details about their offerings and fit. Feature comparisons are on another grid on the following page.

	logicbroker	MARKETPLACER	MIRAKL	Spryker	UNIRGY	VIRTO COMMERCE	VTEX	WEBKUL
COMPANY INFORMATION								
Founded:	2010	2012	2012	2014	2010	2011	1999	2010
Location:	US, GR, IN, TH	AUS, US	FR, US, UK, AU, ES, BR+	GR, UKR, UK, US, IN+	US	US, LI	BR, CO, US, AR, MX, UK+	IN
# of Employees	80	161	795	575	40	52	1420	427
# of Clients	300+	100+	300+	100+	2,000	109	2,400	80,000
COST FACTOR								
Cost Model:	Setup + Annual + GMV%	Setup + Monthly + GMV%	Setup + Monthly + GMV%	GMV% Order-based	Monthly or Annual Subscription	Setup + Monthly + GMV%	Setup + Monthly + GMV%	One-time or Subscription
Relative Cost:	$$$	$$$	$$$$	$$$	$$	$$	$$$	$
PLATFORM MODEL								
Delivery Model:	SaaS	SaaS	SaaS	PaaS	Plug-In or SaaS	PaaS	SaaS	Plug-In
Seller Model:	Marketplace Drop Ship	Marketplace Drop Ship	Marketplace Drop Ship	Marketplace	Marketplace Drop Ship	Marketplace Drop Ship	Marketplace Drop Ship	Marketplace Drop Ship
BUSINESS MODEL TYPE								
B2C Proven:	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit
B2B Proven:	Likely to Fit	Not Ideal Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit
P2P Capable:	Unlikely to Fit	Unlikely to Fit	Unlikely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Unlikely to Fit	Unlikely to Fit
SELLER NETWORKS / VENDOR AGGREGATION NETWORKS								
Proprietary Seller Network:	Likely to Fit	Possible Fit	Likely to Fit	Unlikely to Fit	Unlikely to Fit	Unlikely to Fit	Likely to Fit	Unlikely to Fit
Integrate with VAN Vendors:	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit
TYPE OF LISTINGS								
Can Offer Products:	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit
Can Offer Services:	Not Ideal Fit	Possible Fit	Possible Fit	Likely to Fit	Possible Fit	Possible Fit	Possible Fit	Unlikely to Fit
PROVEN SCALE OF MARKETPLACE BUSINESS								
High-Volume	Likely to Fit	Possible Fit	Likely to Fit	Possible Fit	Possible Fit	Possible Fit	Possible Fit	Not Ideal Fit
Mid-Volume	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Likely to Fit	Possible Fit
Low Vol./MVP:	Unlikely to Fit	Likely to Fit	Unlikely to Fit	Not Ideal Fit	Not Ideal Fit	Likely to Fit	Likely to Fit	Likely to Fit

LEGEND:
- Green: Likely to Fit
- Yellow: Possible Fit
- Orange: Not Ideal Fit
- Red: Unlikely to Fit

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SUITE SPOT PLOTS: FEATURE COMPARISON GRID

The Feature Comparison Grid below shows the presence and maturity of key marketplace features.

Features	logicbroker	MARKETPLACER	MIRAKL	Spryker	UNIRGY	VIRTO COMMERCE	VTEX	WEBKUL
Seller account management	Advanced	Advanced	Advanced	Present	Advanced	Present	Advanced	Present
Seller ratings	Present	Present	Advanced	Present	Present	Present	Present	Advanced
Seller storefronts	Present	Not Present	Advanced	Present	Advanced	Present	Advanced	Advanced
GUI-based commision grid management	Advanced	Present	Advanced	Roadmap	Advanced	Roadmap	Advanced	Advanced
Pricing management	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced	Present
Product catalog harmonization / AI categorization	Advanced	Present	Advanced	Present	Present	Present	Present	Present
Inventory Optimization	Advanced	Present	Advanced	Present	Present	Present	Advanced	Present
Sellers with multiple fulfillment centers	Advanced	Present	Advanced	Advanced	Advanced	Present	Advanced	Roadmap
Multi-seller checkout	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced
Order management	Advanced	Advanced	Advanced	Present	Present	Advanced	Advanced	Advanced
GUI-based shipping grid management	Present	Present	Advanced	Present	Present	Advanced	Advanced	Advanced
Automated seller returns and refund management	Advanced	Advanced	Advanced	Present	Advanced	Roadmap	Present	Present
Automated seller quality rules	Advanced	Present	Advanced	Roadmap	Present	Roadmap	Present	Roadmap
Escrow payment handling	Advanced	Not Present	Advanced	Present	Advanced	Present	Not Present	Present
Flexible Merchant of Record (MoR)	Advanced	Not Present	Advanced	Advanced	Advanced	Present	Advanced	Not Present
Automated vendor catalog content integrations	Advanced	Present	Advanced	Present	Advanced	Present	Advanced	Roadmap
Seller interface to create and manage promotions	Roadmap	Advanced	Advanced	Roadmap	Advanced	Roadmap	Present	Present
Open APIs	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced	Advanced
Internationalization	Advanced	Roadmap	Advanced	Advanced	Present	Advanced	Advanced	Present
Quoting capabilities	Not Present	Not Present	Advanced	Present	Present	Advanced	Present	Present
Seller advertising	Not Present	Roadmap	Advanced	Present	Present	Present	Roadmap	Present
Omnichannel order fulfillment	Advanced	Present	Advanced	Advanced	Advanced	Advanced	Advanced	Roadmap
B2B Punchout/EDI	Advanced	Not Present	Advanced	Present	Present	Roadmap	Present	Present
Anonymizer buyer-seller messaging	Roadmap	Not Present	Advanced	Roadmap	Advanced	Roadmap	Present	Present
Automated seller payments	Advanced	Present	Advanced	Present	Advanced	Roadmap	Advanced	Present

LEGEND:

- 🟩 Feature is Advanced
- 🟨 Feature is Present
- 🟧 Feature is Not Present, but on Roadmap
- 🟥 Feature is Not Present nor currently planned
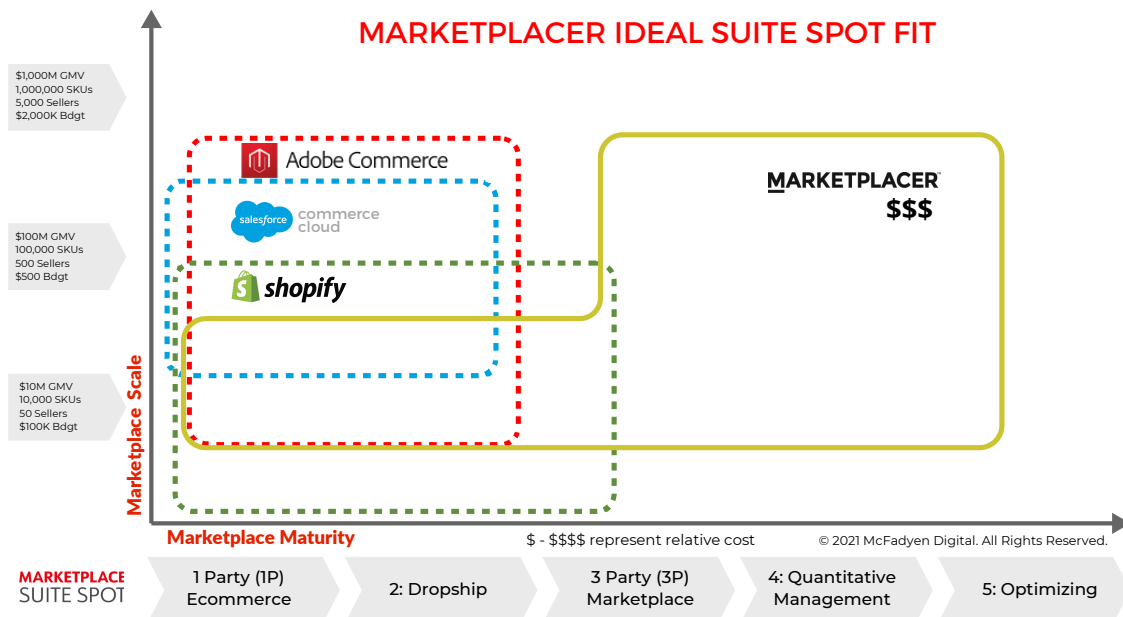
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MARKETPLACER™

Solution Overview: Marketplacer was founded in 2012, evolving from marketplace operator Bike Exchange, an innovative Australian marketplace that began operations in 2007, eventually expanding to an international brand. With $100 million of investment raised, including from Salesforce Ventures, Marketplacer has been expanding their team and maturing their platform's features.

To date, Marketplacer has helped build and deploy over 100 marketplaces connecting over 16,000 businesses worldwide. The Marketplacer platform excels in retail situations enabling growth strategies such as shipment from drop-ship sellers, adding new categories or third-party range extension, through to consolidating markets and rolling out modern revenue models such as recurring memberships.

While Marketplacer was initially built as a marketplace and commerce solution, it is primarily offered as a multi-vendor enablement platform working in conjunction with an ecommerce platform. Operator commerce connectors are pre-built for Salesforce Commerce Cloud, Shopify Plus, and Adobe Commerce (Magento).

MARKETPLACER AT-A-GLANCE

Founded:	2012
Major Offices:	AUS, USA
Employees:	161
# of Clients:	100+
Market-Level:	SMB, Mid Market, Enterprise
Commerce Model:	B2C, C2C, B2B2C
Offerings Types:	Products
Platform Type:	SaaS
Certifications:	ISO 27001 certified. All data is encrypted at rest along with use of SSL.
3P Seller Sourcing:	Direct or via VANs like ChannelAdvisor. M-Connect eases seller integ.
Cost Model:	Setup + Monthly + GMV %
Investments:	$100 Million in total funds raised. Investors include Salesforce Ventures.
Web Site:	www.marketplacer.com

MARKETPLACER IDEAL SUITE SPOT FIT

$1,000M GMV
1,000,000 SKUs
5,000 Sellers
$2,000K Bdgt

$100M GMV
100,000 SKUs
500 Sellers
$500 Bdgt

$10M GMV
10,000 SKUs
50 Sellers
$100K Bdgt

Adobe Commerce
salesforce commerce cloud
shopify
MARKETPLACER™ $$$

Marketplace Scale

Marketplace Maturity $ - $$$$ represent relative cost   © 2021 McFadyen Digital. All Rights Reserved.

MARKETPLACE SUITE SPOT

| 1 Party (1P) Ecommerce | 2: Dropship | 3 Party (3P) Marketplace | 4: Quantitative Management | 5: Optimizing |

MARKETPLACER™

Pricing
$$$ rating based on a one-time setup fee, a recurring fixed subscription fee and a percentage of GMV. First year total fees can be in the low six figures.

Strengths
- A broad and deep feature set for consumer-focused marketplaces makes Marketplacer a must-consider for retailers
- An open modern technology stack of GraphQL APIs for operator extensibility and REST APIs for seller integrations, along with Webhooks to support event-driven processing is publicly available.
- Well-written and detailed English documentation is provided on the platform including APIs and even database schemas (rare for SaaS vendors).
- The M-Connect wizard enables quick initial integrations with sellers using SaaS ecommerce platforms like Shopify, BigCommerce, WooCommerce, etc. within 15 minutes. See VAN section in this report.
- Salesforce.com invested in Marketplacer and a connector is available in Salesforce AppExchange.
- Seller profile capabilities and reporting have been enhanced to help operators produce actionable insights about their seller ecosystem
- Operator and seller GUI is well designed and helps maintain a low learning curve for adoption

Cautions
- While Marketplacer is gaining Enterprise-level traction, the demonstrated history of large-volume marketplaces is still not equal with some competitors.
- Marketplacer can work for simple B2B use cases, but is not intended for complex B2B situations.

Flagship Clients
- Woolworths, ShopCirculate/Combs Enterprises, Surfstitch, Myer, BBQ Galore

IN THEIR OWN WORDS

What is Marketplacer's Strongest Market Segment?
"We can support a wide variety of business models and verticals. Our current ICP is Retail with physical goods. Current enterprise clients that are in launch mode as of Oct 2022 are in Grocery and High Fashion Retail. They are click and mortar."

How is your platform unique from competitors?
"While our platform is purpose built and well proven, it is our company and its rich history of expertise that we feel is one of our biggest competitive advantages. The core historical team has launched and operated successful marketplaces since the company's inception over 10 years ago. Our hiring expansion strategy focuses on individuals with either rich marketplace operations backgrounds and /or enterprise commerce. We feel this gives us an edge in quickly understanding each customer's unique business strategy and how we can best fit into that strategy to help accelerate top line growth and bottom line efficiency."

Additional vendor profiles and other content appears here in the form of 16 additional pages in the full version of the Marketplace Suit Spot Report available at Marketplace-Suite-Spot.com

Additional content:

- 7 additional multi-vendor enablement platform profiles
- Buy vs. build considerations
- Drop Ship considerations and additional platform profile

6. ADDITIONAL MARKETPLACE PLATFORM CONSIDERATIONS
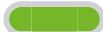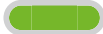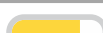
FULL STACK VENDORS VS. BEST OF BREED INTEGRATION

Ecommerce marketplaces are two-sided platforms. The platform consists of a customer-facing ecommerce engine and a seller-facing marketplace engine. Some vendors (e.g. VTEX, Spryker, Virto Commerce) started as ecommerce engines and added marketplace capabilities. Some vendors (e.g. Logicbroker, Mirakl, Unirgy, Webkul) started and continue to operate as marketplace-only engines. The marketplace-only vendors are usually integrated with one of the popular ecommerce engines (e.g. Adobe/Magento, commercetools, Salesforce Commerce Cloud, etc.) but can also be integrated with a custom ecommerce engine or application. In general, the marketplace-only vendors tend to have richer marketplace feature sets than the full-stack vendors.

Many vendors also offer some level of Order Management System (OMS) which may range from simple order status tracking to omnichannel Distributed Order Management (DOM) offering that supports online stores and fulfillment from/via physical stores. A best-of-breed solution can be built by integrating the best fit ecommerce vendors with the best fit marketplace-only vendors (perhaps also with an OMS vendor). Or one full-stack vendor can provide ecommerce and marketplace (and perhaps OMS) capabilities.

There are many factors to consider in selecting between a best-of-breed integration vs. one full-stack vendor. An established ecommerce platform that won't change is one factor. A company culture/appetite for technical integration vs. turnkey solutions is another. The capability and maturity of "connectors" between ecommerce platforms and marketplace platforms varies greatly (see next section).

A high-level summary of ecommerce, OMS, and marketplace capabilities by vendor is shown below. Generally the platforms with a built-in OMS offer a better omni-channel marketplace capability such as ship-to-store or ship-from store.

VENDOR	ECOMMERCE (BUYER-FACING)	OMS	MARKETPLACE (SELLER-FACING)
logicbroker	Not Available	Basic Functionality	Best-of-Breed
MARKETPLACER	Basic Functionality	Not Available	Best-of-Breed
MIRAKL	Not Available	Basic Functionality	Best-of-Breed
Spryker	Best-of-Breed	Fully Functional	Fully Functional
VIRTO COMMERCE	Best-of-Breed	Basic Functionality	Fully Functional
UNIRGY	Not Available	Not Available	Best-of-Breed
VTEX	Best-of-Breed	Fully Functional	Fully Functional
WEBKUL	Not Available	Not Available	Fully Functional

LEGEND: ■ Best-of-Breed   ■ Fully Functional   ■ Basic Functionality   ■ Not Available

ECOMMERCE – MARKETPLACE CONNECTORS

If taking a best of breed integration approach to building a marketplace, it is important to understand the availability and maturity of pre-built connectors between your customer-facing ecommerce platform and the marketplace platform. The table below provides a high-level snapshot of connector availability. Note that the most marketplace vendor options are available for operators who use Adobe Commerce, commercetools, Salesforce Commerce Cloud, or Shopify Plus. There are often multiple products (e.g. on premise vs. cloud, or B2C vs. B2B) and versions offered by each ecommerce vendor and those details are not addressed in this high-level summary.

The lower half of the table shows the connectors from the marketplace platform to seller systems. For example, many small sellers use Shopify and those sellers can easily connect to a marketplace run on Marketplacer or Mirakl.

		MARKETPLACE PLATFORM						
		logicbroker	MARKETPLACER	MIRAKL	Spryker	VIRTO COMMERCE	UNIRGY	VTEX	WEBKUL
MARKETPLACE PLATFORM INTEGRATIONS TO ECOMMERCE	Adobe	PUB	PUB	PUB			PUB		PUB
	commercetools	PUB		PARTNER					
	Oracle	PUB		PARTNER					
	Salesforce	PUB	PUB	PUB			PUB		PUB
	SAP	PUB		PUB					
	Shopify	PUB	PUB	PARTNER			DEV		PUB
	BigCommerce	PUB							
	NetSuite	PUB							
	VTEX	PUB							
SELLER ECOMMERCE TO MARKETPLACE	Adobe		🧩	🧩					
	Shopify		🧩	🧩					
	BigCommerce		🧩						
	WooCommerce		🧩						
	VTEX							🧩	

LEGEND: 🟩 Published & Documented   🟨 Developed by a partner   🟦 Development

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VENDOR AGGREGATION NETWORKS (VAN) & SELLER INTEGRATION

As 2-sided platforms, it's important to onboard many quality sellers and products quickly. This includes the process of finding vendors, loading their profile information, importing their product catalog, integrating inventory & price feeds, and integrating order processing.

An industry of third party Vendor Aggregation Networks (VAN) like ChannelAdvisor, SellerCloud, and SolidCommerce evolved to help solve this marketplace challenge. Some of the marketplace vendors also have developed their own VANs.

VTEX has enabled the 2,400 merchants that use their ecommerce solution to easily become sellers on other VTEX merchant sites. Catalog integration is eased since all parties (marketplace operator and seller) are hosted in the same SaaS platform. Order processing and payment is simplified with the built-in OMS of VTEX. This also enables making the seller the Merchant of Record (MoR) and processing payment on the seller's VTEX account. Most VTEX merchants are currently based in Latin America, but VTEX is rapidly expanding in North America and Europe. Sellers that do not use VTEX can integrate as sellers, but additional steps are necessary.

Mirakl built a VAN called Mirakl Connect with several thousand independent sellers, most of whom sell on at least one Mirakl marketplace. The platform includes match-making search capabilities for both marketplace operators and sellers based on categories, locales, catalog size, manual vs. API integration, and other factors. General seller information (name, location, description) can easily be imported into an operator marketplace. However, it is still necessary to perform catalog mapping, data harmonization, and the integration of offers (inventory level, price, etc.) and order processing.

Marketplacer has a different approach of quickly connecting sellers that use common cloud ecommerce platforms. M-Connect provides a wizard that enables a 15-minute connection to sellers running Shopify, BigCommerce, WooCommerce, Magento and other cloud ecommerce engines. Data mapping is still required to match the operator taxonomy and attribute harmonization, but M-Connect at least solves the catalog, inventory, pricing, and order integration challenge.

Some marketplace operators feel that their 3P seller network is their differentiator and prefer that their sellers do not become part of (or come from) a VAN where those goods may become commonplace.

Some marketplace vendors offer pre-built integrations into ecommerce platforms used by sellers like Shopify and Adobe Commerce / Magento. Note that these integrations are different than the integration to the marketplace operator's ecommerce platform. The integration of a SaaS Marketplace to a SaaS ecommerce platform (e.g. Shopify) used by a seller can be fairly easy since the interfaces are standardized.

INVESTMENT FUNDS RAISED & EMPLOYEE GROWTH

Tech valuations have changed drastically in 2022. Businesses are realizing great returns on their marketplace technology investments. This is driving more demand for marketplace vendor solutions which has driven a massive surge of capital investments – nearing $2 billion total.   The table below depicts the fund raising by four vendors (data not available for others).

VENDOR	EARLIER	2019	2020	2021	TOTAL	NOTES
logicbroker	$1.6mm			$135mm	**$136.6mm**	PE Round
MARKETPLACER	$23mm	$20mm	$20mm	$40mm	**$100mm**	SFDC invested
MIRAKL		$70mm	$300mm	$555mm	**$950mm**	Round E
Spryker	$22mm			$130mm	**$152mm**	Round C
VTEX		$140mm	$225mm	$361mm	**$726mm**	2021 IPO

These large investments have fueled fast employee growth - more than doubling employee headcount in the past two years. Long-term, this will provide a competitive advantage over the vendors without the large capital raises. On the employee graph note that full-stack vendors VTEX and Spryker employees are split between marketplace, ecommerce, and OMS development. Mirakl, Marketplacer, and Logicbroker employees focus almost exclusively on marketplace capabilities. Employee data was sourced from LinkedIn.
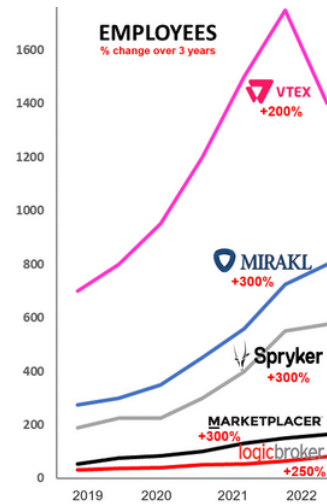
Many vendors have opened offices around the world to serve other markets. The map below indicates large and medium country presences differentiated with a full logo or a small icon.

LEGEND:
Headquarters or 100+ Employee offices shown with full logo
Regional offices (20-100 employees) shown with icons:
CONVICTIONAL   logicbroker   MARKETPLACER   MIRAKL   Spryker   VIRTO COMMERCE   UNIRGY   VTEX   WEBKUL
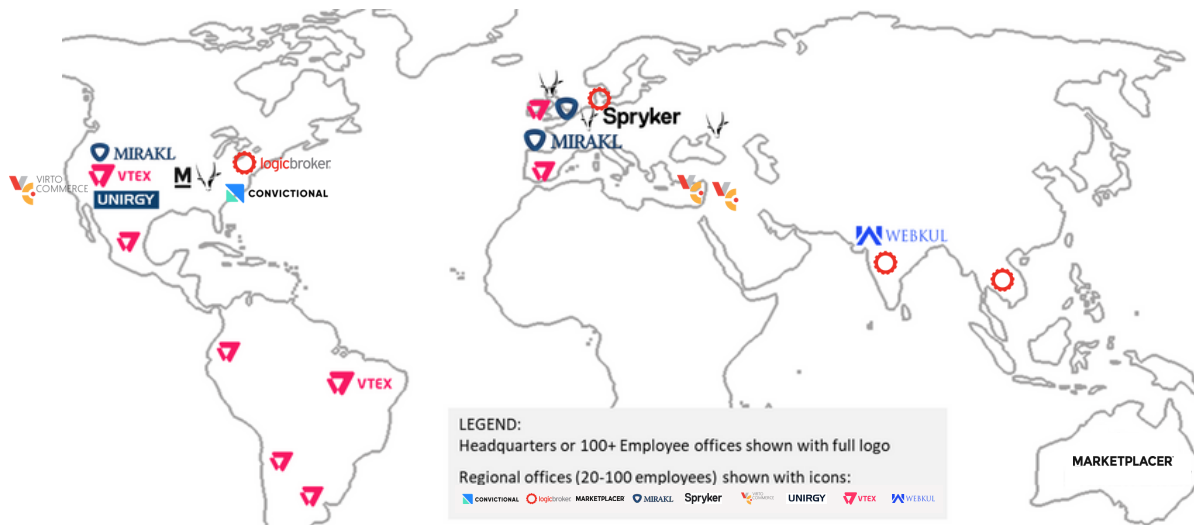
MARKETPLACE ENABLEMENT STEPS^{SM}

Building a marketplace business involves a lot more than just selecting a marketplace technology vendor. The McFadyen Digital Marketplace Enablement Steps (MES) methodology below describes our typical full lifecycle of strategy, design, build, launch, and operation activities.

There are many unique considerations in designing and operating a marketplace business that go beyond traditional ecommerce. These include harmonized taxonomies, new HR organizational roles, seller recruiting / management / support, tax implications (nexus by seller), UX designs (multi-offer PLP, PDP, cart, etc.), curation processes, metrics, etc. Contact us at info@mcfadyen.com if you are interested in learning more.

MARKETPLACE ENABLEMENT STEPS^{SM}

Strategy → **MVP** → **Full Deployment** → **Optimization**

Advisory & Business

Assessment and Planning
- Strategy Formation
- Competitive Analysis
- Budget & ROI
- Success Criteria & KPIs
- Scope & Roadmap
- Timeline & Milestones
- Organizational Design
- Tech Stack Selection
- High-Level Architecture

Business Prep
- Category Selection & Curation
- Seller T&C and Commission Grid
- Seller Recruiting & Onboarding
- Design UX Changes
- Marketing Plan
- Shipping Options
- Metrics & Reporting
- User Acceptance Test (UAT)
- Program Mgt & Governance

Business Operations
- Seller Recruiting & Onboarding
- Seller Support & Management
- MP Customer Support
- Category, Product, Pricing Curation
- Content Q/A (Text & Images)
- Marketing Campaigns
- Reporting
- Steering Committee
- Enhancement Planning

Performance Management

Technology

MVP Build & Deploy
- Env Setup & DevOps CI/CD
- Taxonomy
- Basic Integ: eCom, Pay, Tax, CRM
- UI Changes
- Seller integrations
- Iterative Dev & Test
- SIT and Load & Perf Test
- Architecture

Platform Enhancements
- Advanced Integrations
- Seller Process Automation / Integ
- CX & SEO Enhancements
- Performance Tuning
- Advanced Reporting & BI
- Advanced Promos & Coupons
- Internationalization
- Omnichannel Expansion

Growth
- Enhancements
- Bug Fixes
- Additional Integrations
- Tech Updates
- Frequent Releases
- Marketplace BPO
- Optimization
- Address Technical Debt

MCFADYEN DIGITAL

6. EVALUATION PROCESS & AUTHOR

EVALUATION PROCESS

McFadyen Digital has been evaluating marketplace vendors for clients for nearly a decade. The first Marketplace Suite Spot report was published in 2020 and included six vendors while the second edition published in 2021 included seven. Additional research was performed for this 2022 edition that now includes eight vendors in the core comparison plus one additional relevant platform.

Detailed surveys were completed by all vendors. Multiple meetings were held with each vendor to discuss their vision and go-to-market strategy. A multi-hour deep-dive review of product features was performed with a team of McFadyen technical architects and business strategists. We also reviewed the platform documentation to validate non-visual features (e.g. APIs, connectors). Conversations were held with some customers. Additional company research was performed with tools such as LinkedIn, Google Trends, CrunchBase, Owler, ZoomInfo, Alexa, BuiltWith & GitHub. Employee head counts & growth are from LinkedIn.

Every vendor claims to be capable of enterprise scale. Our assessment of scale is based on live operational marketplace references. Company size, 3P GMV, 3P Seller count, and 3P SKU count were considered (not just client size or 1P ecommerce GMV).

McFadyen Digital has also spent over 500,000 person-hours designing, implementing, and supporting dozens of marketplaces over the past 15 years. Some of these marketplaces scaled to millions of SKUs and over $1 billion of annual GMV. This affords a true look "under the cover" and deep understanding of risk areas. Since our clients often hold us responsible for building a successful integrated marketplace solution on the selected technology stack and supporting it for years, our recommendations are based on what will make clients most successful.

McFadyen Digital does not receive financial compensation from any vendors for their participation in this report. Our intent is to provide an accurate accounting of platform capabilities, maturity, and scale that arms digital commerce operators with as much knowledge as possible as they embark upon their marketplace journey.

It cannot be stressed enough how important it is to engage a knowledgeable partner and to engage with any considered vendor appearing in this report prior to making a decision.

The Marketplace Suite Spot Team
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ABOUT MCFADYEN DIGITAL

McFadyen Digital is the leading global agency for ecommerce marketplace strategy, implementation, and performance management. Supporting the complete marketplace operator journey, we take a collaborative approach to composable digital commerce technology, strategy, architecture, and integrations, working with leading enterprises to ensure their customers are delighted by scalable and profitable shopping experiences.

As a truly global firm with active clients spanning five continents, we offer the competitive advantages of rapid value realization, world-class quality, and reduced costs. Global collaboration is ingrained into our culture, so we know how to make this flexible delivery model result in value for our clients.

McFadyen's Marketplace Enablement Services take clients from the strategy and discovery phase, through launch and ongoing optimization and beyond. In addition to the technical implementation, this methodology contains a complete go-to-market engagement strategy that includes audience identification, vendor recruiting and engagement, consumer recruiting and engagement, pilot testing processes and communications, and go-live digital engagement campaigns.

McFadyen Digital also published a 477 page book "Marketplace Best Practices", an Amazon best seller in the category of commerce and retail. This document has become the industry reference for ecommerce marketplaces. Book info: https://marketplace-best-practices.com Sign up for our weekly marketplace newsletter: https://mcfadyen.com/ecommerce-marketplaces-newsletter.

This document is one of many marketplace and ecommerce thought leadership pieces authored by McFadyen Digital. To learn more about marketplaces or for help implementing your own marketplace, please contact us at info@mcfadyen.com or visit www.mcfadyen.com.

15 years building **MARKETPLACES**

25 years building **ECOMMERCE**

35 years building **INTEGRATIONS**

MCFADYEN'S LARGE SCALE PROJECTS
10 million dollars per hour
10 million web assets managed
10 million page views per day
1 million order items per day
10 thousand sites on multi-site
10 million SKUs
50 million users

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D I G I T A L
THE MARKETPLACE EXPERTS

ADDITIONAL MARKETPLACE CONTENT

Marketplace Best Practices
Transforming commerce in the platform economy
with the online marketplace model *(477 pages)*

Marketplace Best Practices is an Amazon Best Seller book that explores the online marketplace model as a means of platforming an ecommerce business. Written by Tom McFadyen and the online marketplace experts at McFadyen Digital, this text covers the what, who, and how of online marketplaces from those who have been creating both retail and B2B-focused marketplaces for over 15-years.

Get your print or digital copy at Amazon

The Marketplace Maturity Model
with Marketplace Enablement Steps *(23 pages)*

The Marketplace Maturity Model (MMM) is an industry-first model for ecommerce operators, providing a reliable guide for implementing or iterating an online marketplace. The MMM is comprised of 5 major stages, within each stage are actionable steps across advisory, technology, and business considerations. This guide contains valuable foundational marketplace knowledge and is a must-read for all current and future marketplace operators.

Get your copy at mcfadyen.com/mmm

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