



NUCLEUS
RESEARCH

HOT COMPANIES TO WATCH IN 2020

ANALYSTS

Ian Campbell, Barbara Peck, Trevor White, Dan Elman,
Andrew MacMillen, Evelyn McMullen, Isaac Gould

THE BOTTOM LINE

Nucleus selected 12 companies to watch in 2020 that are top performers who will continue to show exceptional performance into the future. As either leaders or strong challengers in their respective markets, Nucleus has assessed the ability of the vendors featured in this research note to execute on their strategies and continue their current momentum. With some of the featured organizations, Nucleus is optimistic for particular product areas that are either maturing well or strengthening an established lead. In every case, we see the roadmap and product developments moving forward as aligned with the goal of providing value to customers.

OVERVIEW

In identifying the hot companies, Nucleus analysts debated the current position of each vendor and their potential for unique growth, justifying inclusion based on the company's momentum and recent successes. Some vendors on the list typify innovative approaches or new applications of technology. Other companies are on the cutting-edge of their respective markets, delivering novel technology capabilities to customers and seeking to unseat incumbent solutions.

ACUMATICA

Acumatica is one of the fastest growing cloud ERP vendors in the marketplace today. It was recently acquired by EQT Partners (the parent company of IFS) and as a result, will be able to aggressively expand its global client base through IFS's established channels. Strategic hub-and-spoke configuration is possible, along with plenty of product and best practice synergies that will better equip it to compete with other midmarket ERP vendors such as NetSuite. Adjacent CRM and field service management functionalities will continue to expand the value message to more enterprise departments and make it an attractive choice both for customers looking to replace legacy solutions and net new customers coming from QuickBooks and spreadsheets.

Acumatica has added over 5,000 customers to its deployment base since its founding in 2008.

AERA TECHNOLOGY

Aera Technology has made strides toward realizing the self-driving enterprise, adding additional capabilities over the last year as well as raising another round of capital funding. Leveraging a combination of artificial intelligence, machine learning, natural language processing, Aera seeks to help decision makers with real time and context-sensitive analysis drawing on data from across the entire enterprise. The Aera platform delivers a suite of cognitive Skills that are each designed to answer specific questions that organizations face. For example, Aera's Supply Chain 360 provides visibility into key performance indicators such as inventory, demand, supply, and production, helping supply chain professionals

address the most pressing issues within their extended value chain and automate tasks like inventory adjustments, expediting or delaying shipments, and revising plans. As the technology matures and Aera is able to successfully demonstrate the value of its platform within large enterprise customers, Nucleus expects the vendor to mount a significant challenge to many of the legacy platforms.

ALLYO

AllyO is an end-to-end recruiting and employee engagement platform that uses chatbots, leveraging artificial intelligence (AI) to identify qualified job seekers, automate recruiting processes, and deliver actionable insights to hiring managers. AllyO integrates with existing career pages, as well as job boards such as LinkedIn, Monster, and Indeed, as well as Facebook and Twitter and HCM suites like Oracle and SuccessFactors. AllyO also allows recruiters to configure and automate tasks such as screening, scheduling, and post-hiring check-ins. The solution is available in multiple languages across channels including web, text, and email and enables candidates to continue conversations with the same persistent identity. A fairly recent product, AllyO already possesses a number of large corporate clients including Fortune 50 organizations.

APTTUS

Apttus offers configure-price-quote (CPQ) and contract lifecycle management (CLM) solutions built on the Salesforce platform. In 2019, we see more companies reaching maturity in their CRM deployments, marked by strong internal adoption, responsible and organized data collection, and noted increases in user productivity, report quality, and use of analytics to drive decision making. This creates an ideal growth environment for CRM-adjacent solutions like CLM and CPQ as companies look to further modernize their sales organizations.

As a partner of a leading CRM vendor like Salesforce, Apttus is well-positioned to capitalize on cross-sales from those customers reaching maturity with their Salesforce deployments. Additionally, the company leadership is strong, and the product roadmap is grounded in user feedback. The company continues to invest in emerging technologies like artificial intelligence/machine learning (AI/ML), particularly in the area of natural language processing (NLP) for automating areas of contract review, as well as blockchain and mobile. Nucleus expects to see noticeable growth from Apttus in 2020.

BOX

Box began in 2005 as a file sync and share (FSS) platform that focused its efforts on a strategy of a simple, safe, and organized system for working on files. Since then, Box has followed the same approach while expanding its functionalities, resulting in a broad-based cloud content management platform (CCM). Box operates under the premise that content drives insights, is essential to the success of any enterprise, and is the focus of all R&D expenditures. Box is known for its usability and collaborative capabilities and enables users work across a variety of content types, devices, apps and services both on-site and remotely.

A company reduced its customer churn by 25% using Box as its file sync and share system.

Box Content Management also has strong security features and a simple data capture process for any device. Nucleus believes that Box is equipped for renewed success because it still operates like a start-up and remains in sync with its mantra of “manage, collaborate, and govern”.

KINAXIS

Having established itself as a leading supply chain planning solution, Kinaxis will continue its momentum in 2020. The vendor is achieving success supplanting legacy and incumbent technology in the space with its high level of usability, leading users to adopt the software and become vocal advocates for the vendor within medium-to-large enterprise accounts. Despite its success, Kinaxis has remained grounded in what has resonated with the market; namely, practical applications of technology that avoid the hyperbole that surrounds technologies including artificial intelligence (AI), machine learning (ML), and the Internet of Things. Acknowledging the difficulty and significant resource requirements of enterprise supply chain change doesn't hurt either.

The future for the vendor continues to focus on improvements to the user interface such as a new web-based client and allowing users to display information the way that best suits them and additional use cases for AI and ML. The vendor is looking to expand the platform on which it delivers its software, with capabilities that allow for third-parties, super users, programmers, and data scientists to build applications and algorithms themselves, and embed or connect externally built ones. With the potential opportunity for growth in the supply chain planning market, Kinaxis is well-positioned to provide an alternative path for enterprise organizations that have long-relied on tools insufficient to the demands of

modern supply chain challenges (Nucleus Research T123 - *Beyond Excel in supply chain planning*, August 2019).

LOOKER

Looker is an analytics/business intelligence (BI) platform, built on SQL and expanding to enable more data science tools, partnering with next-generation cloud data warehouses like Fivetran and Snowflake. As more companies modernize their backend data infrastructure, it would be a logical move to consider a solution that is tightly integrated. Additionally, there is an extensive base of users with SQL experience making adoption less of a hurdle given that Looker is SQL-based. For companies that are investing in data science and are mature in their analytics usage to where an organization-wide platform is attractive (no longer using departmental silos or depending on IT for BI), Looker is well-positioned to help companies push forward with data-driven decision making initiatives and also simplify tech stacks.

RAPID7

Rapid7 is a leading provider of security analytics and automation. At a time when most cybersecurity solutions struggle to provide clear value messages and instead focus on a fear-based selling strategy, Rapid7 is different. The vendor helps organizations to unite teams and amplify efficiency with a focus on vulnerability risk management, incident detection and response, application security testing, and orchestration and automation. Rapid7's intuitive security platform enables organizations to implement its product suite with minimal training, from initial deployment and onboarding through expansion and growth. Nucleus found that organizations were regularly able to reduce the internal training of their staff more than 90 percent, savings thousands of dollars of internal labor that was deployed to high value-added tasks.

SABA

In the age of AI, customers continue to expect further automation of processes from the full sphere of talent management providers along with capabilities that are engaging to end users and easy to integrate with other solutions. Saba's Learning Experience Platform (LXP) connects recruiting and onboarding, personal learning and skill development, coaching and feedback and career planning. The solution leverages interest-based personalization,

machine learning, and auto-curated content to create personalized and dynamic learning journeys for its users.

Saba has made a large number of investments in its portfolio over the past year, solidifying its position as a leading full-suite talent management provider, while creating a new approach to the experience of people at work. Notable moves include the addition of global talent acquisition, candidate relationship management and onboarding experiences via Saba's acquisition of Lumesse, and the launch of Saba me:time. Saba continues to be a leader in the learning and talent AI space, and has recently unveiled a roadmap vision that includes deeper personalization across the user experience, improved insight and analytics, and better connectivity between talent journeys and overall corporate outcomes.

UNIT4

One of the original proponents of "ERP realism", Unit4 is starting to reap its benefits with a number of big North American customer wins over more established brands such as Oracle and Microsoft. By focusing on service-based industries, Unit4 has developed unique ERP capabilities for local governments, nonprofits, educational institutions, and professional services that make it an attractive choice for any organization within those verticals. (Nucleus Research T123 – *The business value of ERP realism*, November 2019) The

On average, Unit4 customers have a payback period of less than two years.

The addition of CPM and HCM capabilities have equipped the vendor to compete with the likes of Oracle, SAP, and Microsoft by offering a comprehensive suite of enterprise applications. Unit4 is positioned well to take business away from legacy providers in its specialized verticals and will continue to make inroads in the North American market.

VENA SOLUTIONS

Vena Solutions is a cloud native financial planning and analysis (FP&A) vendor that is addressing a huge greenfield opportunity for mid-market CPM customers. The company is delivering modern CPM capabilities (including planning, budgeting, forecasting, reporting, and dashboards) closer to Microsoft Excel's user interface framework than any other vendor before it. Vena continues to mature functionally, relative to its direct competitors, and its target market of customers who want cloud capabilities without having to give up Excel's

familiar UI will guarantee that it has a loyal customer base for a long time to come. The solution's high usability has produced quick adoption rates for its current customers, leading to high return on investment rates and short payback periods (Nucleus Research T30 – *Vena Solutions delivers value with rapid adoption* – February 2019). Vena still needs to develop its functionalities as aggressively as its competitors, but the lack of direct competition will enable it to expand quickly.

ZOHO

Zoho offers solutions across the full spectrum of business applications, spanning HCM, analytics, CRM, ERP, and digital infrastructure. It is privately held and thus able to react quickly to market forces and trends, and the leadership is focused on growth and steady product innovation. The solutions are tightly integrated and offer core functionality across the application portfolio. With strong performance internationally and among small- and medium-sized business customers, Zoho is looking to move upmarket and solidify a leading presence in the United States; to

that end it recently opened a new campus in Austin, Texas. The biggest challenge currently facing Zoho is stronger brand recognition (a much better problem to have than inferior technology!). However, as more customers come to

understand the breadth of the Zoho platform, Nucleus expects to see strong growth. From past ROI case studies, it is apparent that the solutions offer significant value at a low TCO relative to competing vendors. Zoho displays strong core competencies in all major markets, while its ease of use and adoption, attractive pricing structure, and value from a unified platform should prove desirable to the majority of its target market.

A Zoho customer saved over \$300,000 annually by replacing its numerous legacy solutions with Zoho One.