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# SUGARCRM ACQUIRES NODE TO ACCELERATE AI DELIVERY

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## THE BOTTOM LINE

On August 24, 2020 SugarCRM announced the acquisition of Node, an AI as-a-service platform for predictive insights around best interacting with partners, customers, and investors. This move will accelerate Sugar's own AI capability development initiatives and further strengthen Sugar's niche in the CRM market as a leading data-driven, time-aware, predictive CX platform. This allows Sugar to meet a growing customer need within its segment and stand out in a rapidly maturing CRM market – delivering value-add analytics and AI via the platform without extensive setup or data science expertise needed.

## OVERVIEW

As the CRM market matures and consolidates, vendors need to take proactive measures to ensure their brand stays viable and fresh while still staying in-tune with changing customer needs and preferences. One of the key demands currently is that for predictive analytics and automation enabled by AI. Currently, the largest, best-funded companies with requisite IT and data science expertise in-house are able to create custom AI capabilities at enterprise scale to deliver business value. Still, the largest segments of companies, small and mid-market businesses are excluded because they do not have the resources or expertise needed. This presents a massive opportunity for vendors serving these customers; vendors who can deliver value-add AI capabilities embedded within the CX platform for predictive insights and data automation will succeed.

Node is a horizontal platform as-a-service for enriching applications that leverage people and company data with AI. Node helps development teams to create AI-powered predictive capabilities for use cases including sales and marketing automation, customer engagement, event management, and applicant tracking. Node ingests the designated data to its platform and generates predictions that are delivered back to the application via API. It had previously operated on a case-by-case model, partnering with customers to help identify the necessary data and optimal model to use for the outlined use-case.

**With Node it can complete the timeline and become fully time-aware, incorporating accurate future predictions to compliment the past and present views.**

Some of Node's past customer successes were attractive to Sugar – Node helped respective customers book 15 percent more meetings, increase win rates by over 15 percent, and identify 85 percent of at-risk accounts likely to churn. This led Sugar and Node to partner with a 24-hour experiment; Sugar turned over a sample dataset to Node and after the 24 hour development time, Node was able to accurately predict MQL to SQL conversion and SQL to closed won conversion. With the speed and accuracy of its results, along with Node's proven expertise creating value-add AI on customer data like Sugar's, the acquisition made practical sense to benefit both parties.

With the acquisition of Node, Sugar will look to enhance its own core product offerings (the Sugar CX Platform consisting of Sugar Sell, Sugar Market, Sugar Serve) with AI-enabled predictive insights. In the future it may look to develop premium AI capabilities as add-ons to the main platform or ad-hoc as they are requested by customer segments or verticals.

## IMPACT TO SUGAR

At first glance, this acquisition looks to dramatically accelerate Sugar's own AI delivery timeline by two to three years. Sugar's AI capabilities were already on par with what most of the CRM market offers but with the acquisition of Node, its AI proficiency and feature set will soon become a key differentiator. Sugar was already a data intensive CX platform; it has extensive third-party data to enrich customer data for more accurate predictions and recommendations. Further, the platform is time-aware, so all actions and data are timestamped to allow the system to understand historical context and enable time series analytics. By acquiring Node, Sugar will expand its already significant store of third-party customer data and will be able to offer automated data enrichment and more accurate predictions on limited customer data, allowing customers to begin leveraging AI sooner than they would otherwise be able to.


Sugar has identified the following key enablers for future success in the CX space: time aware platform that encompasses the full customer journey, data automation, data-enriched AI, and business-wide integration. Sugar was already able to deliver on these pre-Node, although the data automation and data-enriched AI aspects will be supercharged by Node.

The vision is to deliver always-on, high fidelity visibility to the business with the capability to take action, leading to reduced costs and greater revenue while being able to identify and resolve problems before they arise. Some variation of this is central to all CX offerings, but with the acquired technology and expertise from Node, Sugar will be in the pole position to execute on this among CX vendors.

Some anticipated capabilities and features include leveraging data to identify new high-growth segments with the best conversion potential, predict lead volume based on historical period and past volume, enable next best action recommendations, generate more accurate insights into customer sentiment and buying intentions, identify accounts most likely to churn, and predicting service case load and likely escalation path, among many others.

## SUGAR CREATING ITS OWN NICHE

Sugar has invested aggressively in modernizing its solution to leverage the innovation enabled by the cloud. It containerized its solutions to allow for simple deployment and integration with other infrastructure types and applications; it preaches the value of business-wide integration but is one of the few vendors who delivers the tools (easy-to-use APIs and its own iPaaS solution, Sugar Integrate) to make this a feasible goal for mid-market companies. With this acquisition of Node, it again demonstrates its commitment to



making value-add analytics and insights a central component of the CX user experience and workflow. With Sugar Discover and Sugar Hint, it is able to leverage historical data, its own third-party customer data, and network and relationship data to help better inform users, primarily by analyzing historical actions or trends and comparing to the present state. This approach was data-centric but only encapsulated the present and past; with Node it can complete the timeline and become fully time-aware, incorporating accurate future predictions to compliment the past and present views. As a CX company that differentiates itself on data (among other areas), this acquisition puts additional space between Sugar and its nearest competitors in this area. It gives it the data-driven sophistication and compelling message to attract customers that previously may have only considered the enterprise-caliber platforms like Salesforce and Microsoft Dynamics. While it has no plans to abandon the mid-market as its target market, by creating a more automated and sophisticated CX platform, it would not be surprising to see some larger organizations choose Sugar for its more attractive pricing without losing any key functionality.