

NUCLEUS
RESEARCH

| Understanding the Value Matrix™

ANALYST

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The Bottom Line

The Nucleus Research Technology Value Matrices are published at least once a year in Nucleus's core research areas. Building on the analysis of actual end-user experiences, vendors are measured on both usability and functionality – key drivers of value – and placed into four categories: Leaders, Experts, Accelerators, and Core Providers.

The Value Matrix is a relative ranking, and the center point is reassessed with each publication. This recognizes that markets are always moving forward and solutions that were Leaders in the previous Matrix could fall behind if vendors do not maintain adequate investments. The Matrices are designed to help evaluate vendor short lists and choose the solution that delivers the greatest return for a customer's environment.

The Technology Value Matrix

Nucleus Research regularly publishes Value Matrices in its core research areas including customer relationship management (CRM), human capital management (HCM), content services and collaboration (CSC), marketing automation, enterprise resource planning (ERP), and supply chain management (SCM). Each Matrix is divided into four quadrants: Leaders, Experts, Accelerators, and Core Providers.

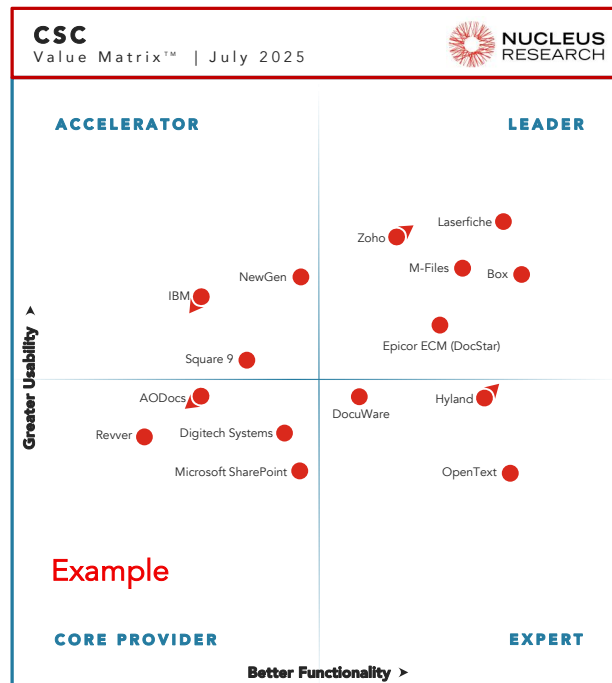
The Value Matrix is designed to highlight the market position of a solution relative to others rather than specify the best solution in the market. Solutions that rank in the upper right quadrant offer a high degree of usability and functionality but often come with an associated high price. The Value Matrix is designed to measure the fit or appropriateness of a solution based on the unique demands of an organization rather than an assessment of a market leader. As such, there is no “bad” quadrant in the Value Matrix, just as there is no “best” technology solution for all organizations.

Organizations with minimal functionality demands may choose to look in other quadrants for solutions that can meet their needs at a lower price point. For example, a company with limited budget and a sales cycle with low complexity may achieve the most value from a Core Provider while often an Accelerator is the perfect match for a company where broad, rapid, and consistent user adoption is more important than industry-specific or more sophisticated functionality. Experts offer deep functionality for organizations willing to invest in user training.

In addition to positioning a solution, the Matrix includes a small arrow that provides an estimate of where the solution is trending relative to other solutions. This mark is based on Nucleus Research’s assessment

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At each publication of the Matrix the center point is reset to the average – meaning vendors that have not maintained pace with the market will fall.

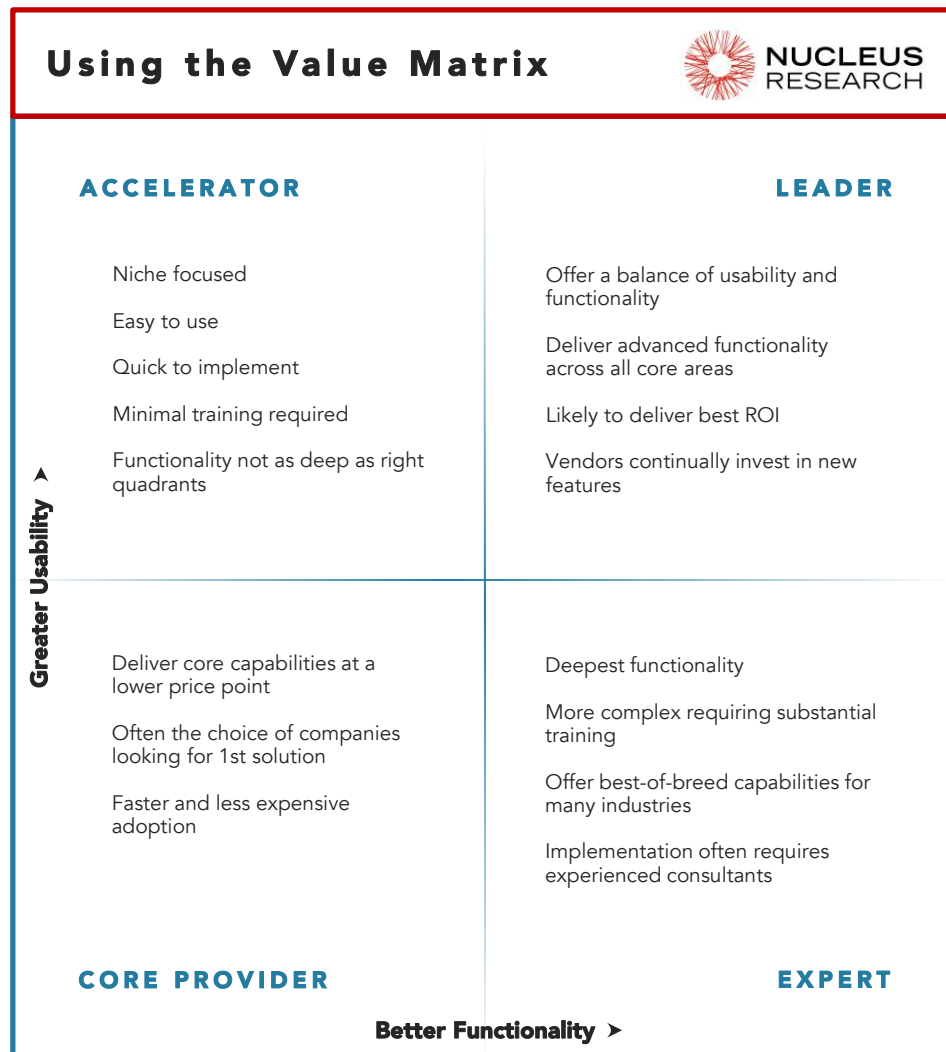


of vendor investments, roadmaps, and customers' expectations. For example, an arrow pointing straight up indicates the solution is expected to increase usability relative to others in the market.

Using the Matrix

The Value Matrix serves as a market position map. For companies undertaking an initial selection process the Value Matrix provides a framework to move from a short list of vendors to the solution that delivers the greatest return on investment. It allows companies to assess price against the usability and functionality they actually need.

Trend arrows show where each vendor is headed relative to their peers, providing a good estimate of future functionality and vendor momentum.



For organizations with a current solution, the Value Matrix provides a trend for that solution and options for replacement should the trend not match company requirements. With cloud or SaaS solutions companies have lower barriers to switch to alternative solutions that provide greater value or can use the information in the Matrix during their recurring SaaS contract negotiations to better align costs.

Leaders

Vendors in the Leaders quadrant have invested in both functionality and usability features that are likely to deliver the greatest potential returns. These vendors have both diverse and comprehensive product offerings, which enable organizations to maximize ROI, and the resources to help organizations deploy large-scale applications.

With high functionality and usability scores, these vendors are recognized for relatively advanced capabilities across all core application areas, user interaction methods, and other factors that contribute to quicker deployment and user adoption. Leaders are continually developing and investing in new functionalities to respond to market and user expectations.

Leaders are strong in both usability and functionality, offering broad capabilities, rapid adoption, and continuous innovation.

Experts

Vendors in the Experts quadrant have invested in deep functional capabilities that, by nature, make their application more complex and thus require more training and expertise to use than Leaders. These vendors invest in industry-specific capabilities to provide best-of-breed functionality in specific application areas for unique market verticals. They have invested in robust and complex functionalities that typically require additional consulting, training, or expertise resources when compared to Leaders. Because the functionality provided can be more advanced than is commonly available in the general market, there may be fewer analysts and developers who are sufficiently experienced to support these applications.

Experts offer deep, industry-specific functionality but are more complex, requiring additional training and support.

Accelerators

Accelerators are focused on providing solutions that solve a specific niche in the market and are relatively easy to use and quick to implement. Vendors in the Accelerator quadrant have invested in making their applications intuitive and easy to use, driving rapid adoption with limited training requirements. For example, these applications can achieve high levels of usability related to specific role-based interfaces and improved end-user productivity. However, these applications may also lack the deeper functionality required by more sophisticated users.

Accelerators are easy-to-use, quick-to-deploy solutions focused on specific niches.

Core Providers

Vendors in the Core Providers quadrant are point solutions or those that provide limited functionality at a relatively low cost, giving them a high value proposition when limited functionality is needed. These vendors often represent a good starting point for companies seeking core capabilities with a limited budget because they enable faster and less expensive adoption.

These vendors have an opportunity to move upward and to the right as they improve their ability to deliver broadly functional and highly usable deployments while challenging the competitive positions of the leaders. However, Core Providers are also challenged to win customers and fund research and development to keep them from being overtaken by leaders that can afford discounting and special attention to win deals.

Core Providers offer limited functionality but low cost; ideal for budget-conscious organizations needing essential capabilities.

Research Methodology

The Value Matrix is based on functionality and usability, the two characteristics that Nucleus has found indicate an application's ability to deliver both initial return on investment (ROI) and, ultimately, maximum value over time.

The functionality and usability scores are calculated based on interviews Nucleus analysts have had with end users as part of their ongoing research and end-user inquiries. Through these conversations, analysts gather data on both the applications customers select as well as the applications they shortlisted but did not select and why.

Usability scores are based on several factors including the modernity of the interface, intuitiveness of the application, availability of role-based views and in-application coaching and training, training requirements, mobile access, and the impact on user productivity.

Functionality scores are based on the breadth and depth of functionality in the core application, the availability of industry-specific functionality in key verticals, the availability and ease of integration of add-on functionality that delivers additional benefit, and the vendors' investment in innovative functionality outside the core that delivers additional benefit.

The center point of the Matrix represents the composite average point in the market, which Nucleus expects to move up and to the right over

Usability factors: interface design, intuitiveness, role-based views, training needs, mobile access, and productivity impact.

time as vendors make more investments in functionality and usability. At each publication of the Matrix, the center point is reset to the average – meaning that vendors that have not maintained pace with the market in either functionality or usability will naturally fall down and to the left. Trending arrows are included to show where Nucleus expects each solution to appear in the next edition of the Matrix, based on vendor investments and roadmaps and customers' expectations.

Behind the scenes, measuring usability and functionality follows a standard process that scores each solution on a scale of 1-10 for each axis, rebalancing the average so that 5,5 is the center of the matrix. The score is based on data gathered from a number of sources in the following order of preference:

- 1) Customers using the solution are interviewed during case studies, industry events, user inquiry, or outreach to our database of end users.
- 2) Customers using a competing solution that considered the solution being scored but decided against it.
- 3) Nucleus Research analyst view of the solution based on briefings and demos of the product.

Summary

The Value Matrix measures vendors on usability and functionality; two characteristics Nucleus analysts have consistently found to be the strongest indicators of both immediate ROI and long-term value. Our rankings are grounded in direct conversations with end users, analysis of actual deployments, and documented ROI results. This ensures that our positioning reflects real-world performance, not just vendor claims or market perception. When using the Value Matrix, no quadrant is inherently “bad”; the best solution is the one that aligns with an organization's specific needs and budget.

Functionality factors:
core breadth/depth,
industry-specific tools,
add-on integration,
and innovative
capabilities.