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NUCLEUS TOP TEN PREDICTIONS FOR 2025

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THE BOTTOM LINE

Nucleus's 2025 predictions highlight fundamental tech shifts, starting with the fall of best-of-breed solutions as companies pivot to integrated platforms. Expect more vendor acquisitions, like Infor and Oracle's push forward as full-suite solutions. Converged databases will help manage siloed data, while SaaS users need to utilize existing tools instead of making redundant purchases. Finance and HR systems will converge to simplify payroll and procurement, and hyperscalers are ramping up cloud investments. Industry-specific AI models will gain traction, Workforce Management will see renewed focus, and CPM vendors will enhance Excel integrations, but Generative AI adoption is lagging behind the hype.

BYE BYE, BEST-OF-BREED

The love affair with best-of-breed solutions is officially on the rocks. Across industries, businesses are realizing that managing a collection of disconnected, specialized tools is more trouble than it's worth. The pandemic, supply chain breakdowns, and other global challenges only accelerated the breakup, underscoring how inefficient and costly it can be to patch together systems that don't integrate well. Now, the focus is shifting to platforms that can handle everything without the endless headaches of integration and siloed data. Software vendors are catching on—piecemeal solutions just don't cut it anymore when real-time visibility and control are crucial. Recent acquisitions, like Epicor's purchase of SCP vendor Smart Software, e-commerce vendor Kyklo, and PIM/DAM vendor Solenium Group, show that vendors are doubling down on full-suite solutions. The message is clear: point solutions are on the way out, and all-in-one platforms that truly simplify operations are the new standard. As the market consolidates, companies like Infor and Oracle, with their expansive portfolios, large R&D investments, and strategic acquisitions to expand their toolsets, are poised to lead by continually evolving their platforms to meet the growing demands of businesses and simplify complex operations.

THE RISE OF CONVERGED DATA STORAGE

In the rapidly evolving tech landscape, the demand for flexible and scalable data storage has driven significant advancements in the database industry, particularly with the rapid rise of converged databases. Similar to using a universal remote instead of having separate ones for a TV, DVD player, and sound system, organizations will look to switch from their current databases to converged databases. These databases natively support multiple data types—such as JSON, relational, graph, and vector—and enable them to manage and scale previously siloed data more effectively. Approaches vary, with some providers offering support through APIs that keep the data stored separately, while others conveniently integrate multiple data structures within a single platform. Innovations like JSON relational duality significantly enhance flexibility by allowing data to be stored in tables and accessed as JSON or relational structures. Additionally, the rapid growth of AI has spurred the adoption of vector-based data storage, facilitating seamless data access and searches. With these advancements in database technology, organizations will swiftly adopt these converged databases from vendors that offer them due to the numerous benefits they bring to data management and analysis.

SHOPPING YOUR OWN CLOSET

Nucleus expects more focus on providing customers with the knowledge and resources to stay in the loop and take advantage of the functionality that they already have access to. Rapid innovation among vendors in all SaaS areas has left many organizations struggling to not only keep pace with feature releases but also properly take stock of what they have. A high frequency of product enhancements and new features is vital to driving the incremental value of a deployment over time. However, organizations also need the resources to fully understand what they have access to. Without proper customer success and support, leaders are prone to making unnecessary standalone purchases, which present their own domino effect of complexity, poor adoption, and negative ROI. It's like shopping for a new blue shirt, only to realize months later that you have three identical versions at home. Vendors have been picking up on this and will likely act accordingly in 2025, reviving the vendor-customer partnerships that ongoing success is built on.

AI REALITY CHECK

Technology vendors across all SaaS markets are peddling Generative AI, but are customers buying? The hard truth is that many fear traversing the Gen AI trenches, and adoption of the technology likely will not match the pace of innovation- at least for now. Sure, everyone and their mother are using ChatGPT and similar tools to summarize and write content. However, there is a general lack of enthusiasm around the more transformative aspects of the technology, including the emergence of large action models that promise to fully automate processes. This apprehension stems from reasons ranging from hallucination concerns and job security fears to a lack of clear value of the technology relative to its add-on pricing. Nucleus predicts that organizations will continue to be hesitant to implement Generative AI tools. From a vendor's perspective, the actual adoption of these tools and subsequent separation of hype from value will alter future roadmaps. While all vendors are currently prioritizing being "first to market" with LLM and LAM-driven solutions, 2025 will provide clarity into what tools are best suited for business use versus those that were simply nice to have. Here's looking at you, Clippy.

BYO-LLM

In the coming year, we expect a noticeable shift towards industry-specific AI models as organizations seek tailored solutions that address their unique operational needs. Just as NFL teams don't rely on a generic playbook but instead craft strategies specific to each opponent, model providers will go beyond general-purpose models, offering specialized versions optimized for industries such as manufacturing, finance, and retail. With the rise of "bring your own" Large Language Model strategies, organizations will be able to fine-tune models even further to fit their exact requirements. These models consistently provide higher precision, better context understanding, and more relevant outputs for specific use cases, directly improving decision-making and operational efficiency. This focus on specialization will undoubtedly unlock greater value from AI investments while addressing critical concerns around data handling and context-appropriate results. Providers that succeed in offering the right "playbook" of industry-tailored models will see broad enterprise adoption that is currently lacking with the general-purpose LLMs, like a coach finding success by adapting to the strengths and weaknesses of their team.

HYPERSCALERS RAMP UP CAPEX AND PARTNERSHIPS TO MEET SURGING DEMAND

As we enter 2024, the insatiable appetite for cloud services shows no signs of abating, pushing major cloud providers to innovate and expand their offerings. In this context, hyperscalers such as AWS, Microsoft Azure, and Google Cloud will continue to increase their capital expenditures to expand their global infrastructure as cloud computing demand once again outstrips cloud capacity. Strategic alliances, like those formed by Oracle with hyperscalers, will become more common, and other players in the market will look to connect cloud infrastructure to alleviate capacity limitations. As a result, the multicloud approach will gain further traction, allowing providers to deploy services within each other's data centers, while providing a fresh market opportunity for services that optimize multi-cloud environments and providers that provide compelling incentives around this approach. This development will facilitate improved performance and flexibility for large enterprises that previously contended with cloud capacity limitations, enabling larger-scope data initiatives while reducing data transfer costs and integration challenges.

CPM VENDORS ENHANCE EXCEL INTEGRATIONS


You can't teach an old dog new tricks, but what if the old tricks are still useful? While CPM vendors are building modern interfaces, the Excel-prone crowd is still clutching their beloved spreadsheets like security blankets. So, instead of prying Excel from their hands, vendors are throwing them a bone—more Excel integrations. Historically, Excel add-ins from vendors have often been slow and clunky, particularly when handling large data sets. While some vendors now focus on native Microsoft Office integration and others are rolling out enhanced add-ins, the shared goal for 2025 is to provide smoother, more efficient management of complex data using familiar tools. It's a win for those who want to stay in their comfort zone without falling behind—no retraining required.

WFM WARS

Workforce Management has seemingly faded into the background over the past couple of years, especially for SCP and HCM providers focusing R&D on other areas of their suites. Nucleus expects WFM to become an increasingly competitive area in 2025 as enterprise vendors seek to capitalize on tech consolidation by closing functionality gaps in areas such as labor forecasting and intelligent scheduling. However, as the space transcends many different areas of vendor expertise, such as retail operations, warehouse management, supply chain, and payroll, customers will be prioritizing integration. The players that can effectively cooperate with competitors in areas where they cannot catch up organically will be best positioned to succeed in the long term.

BREAKING DOWN FINANCE SILOS

The value of unifying HR and Finance has long been clear. However, more vendors have announced cross-HCM-ERP partnerships, acquisitions, and deep integrations to give customers greater visibility into all financial processes. As one of an organization's most significant costs, payroll is too often siloed both from a departmental and solution perspective. As such, organizations continue to recognize the complexity of having disparate systems across payroll, procurement, and purchasing. The burden is palpable, whether for a large organization hampered by departmental bureaucracy, or a small business with no dedicated HR team that must rely on finance employees to process payroll.



The need for deeper connection across all things "pay" is especially prevalent as the need for contingent and gig-based work has risen over the past few years. Nucleus expects increased mergers and partnerships across HCM and finance vendors in 2025, as tightening budgets make the case for a more comprehensive overview and control of total organizational spending.

DATA CONTROL FOR AI DOMINANCE

As data privacy regulations like GDPR and CCPA tighten, organizations are recognizing that owning their data isn't just about compliance; it's a strategic power play. Relying on third-party providers leaves organizations vulnerable to compliance risks, operational inefficiencies, and diminished AI performance. By owning their data, organizations gain complete control over quality, security, and accessibility, ensuring that AI models are fueled by consistent, accurate data. This control also enables faster AI iterations, better integration of diverse data sources, and sharper insights, all of which drive a stronger ROI. In addition, data ownership minimizes reliance on third parties, avoiding costly access limitations and potential security breaches. In a data-driven world, organizations owning their data is the key to unlocking AI's full potential and staying ahead of the competition.