



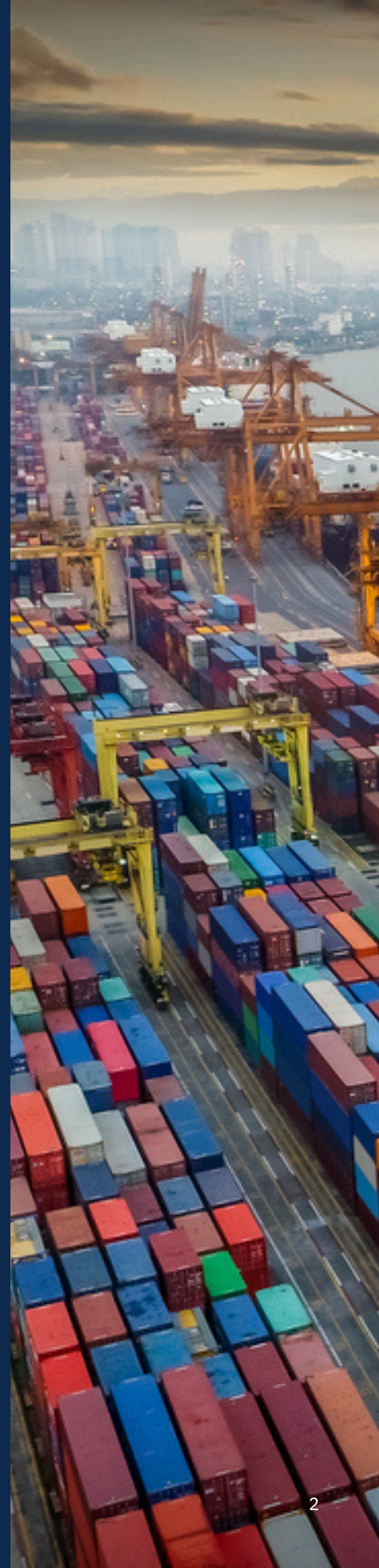
# 2026 SMB ERP Technology Value Matrix

Nucleus Research Report Excerpt



## The Bottom Line

Nucleus found that the small to medium-sized business (SMB) ERP market is increasingly defined by the need to balance operational sophistication with simplicity. As organizations face growing operational complexity, labor constraints, rising costs, and increasing customer expectations, ERP platforms are being evaluated not only for their ability to manage financial transactions but also to automate processes, improve visibility, and support growth without requiring proportional increases in headcount or administrative overhead. While AI, automation, and embedded intelligence have become major areas of vendor innovation, SMB customers remain focused on practical use cases that deliver measurable business outcomes through labor efficiency, process acceleration, and improved decision-making. As a result, the market continues to evolve toward more connected, industry-aware, and operationally focused platforms. The vendors best positioned for long-term success will be those that can combine usability, automation, industry expertise, and operational visibility to help organizations scale efficiently while delivering measurable returns on technology investments.



# Market Overview

Nucleus found that the SMB ERP market is evolving rapidly as small and midsize organizations modernize operations to support growth, improve visibility, and reduce reliance on manual processes. While many SMB organizations historically adopted ERP primarily for financial management and transactional control, the market is increasingly shifting toward operational coordination, automation, and real-time decision support. SMBs are facing many of the same pressures impacting large enterprises, including supply chain volatility, labor shortages, rising operating costs, and customer expectations for faster service and greater transparency. However, they often face these challenges with leaner teams, smaller IT departments, and fewer internal resources. As a result, many SMB organizations are increasingly evaluating technology investments based on their ability to improve productivity, automate manual processes, and support growth without proportional increases in headcount, placing greater importance on usability, deployment speed, and operational efficiency.

Analysts observed that SMB organizations are increasingly turning to ERP platforms not only to manage accounting and reporting, but also to serve as a centralized operating environment that connects finance, inventory, procurement, manufacturing, project management, customer operations, and supply chain activities. As SMBs scale, many are becoming operationally complex earlier in their lifecycle than previous generations of businesses. These organizations seek technologies that allow them to scale revenue, operations, and organizational complexity without proportionally increasing administrative or operational staffing levels. Venture-backed companies, rapidly expanding distributors, modern manufacturers, ecommerce organizations, and multi-location businesses increasingly require capabilities such as multi-entity consolidation, intercompany accounting, regional compliance, inventory visibility, and global financial reporting at earlier stages of growth. This is changing expectations for SMB ERP vendors and driving greater investment in functionality previously associated primarily with enterprise ERP systems.

SMB organizations are becoming operationally complex earlier in their lifecycle, driving demand for ERP capabilities once reserved primarily for enterprise environments.

At the same time, SMB customers continue to prioritize simplicity and ease of use. Many SMB organizations are family-owned businesses or founder-led companies undergoing generational transition, and newer leadership teams increasingly expect business software to resemble the modern consumer applications they use outside of work. This has accelerated demand for cleaner user interfaces, conversational workflows, embedded analytics, mobile accessibility, and more intuitive user experiences. While enterprise organizations also value usability improvements, the impact is often more pronounced in SMB environments where organizations may lack dedicated technical teams or formal training resources. SMB customers are therefore placing greater emphasis on solutions that reduce complexity while still supporting operational growth.

The most successful SMB ERP platforms are balancing operational sophistication with usability, helping organizations scale without introducing enterprise-level complexity.



AI has become one of the fastest-moving areas of innovation in the SMB ERP market, particularly around finance automation, reporting, and workflow assistance. Nucleus found that nearly every leading SMB ERP vendor introduced some form of copilot, AI assistant, AI agent, or AI workflow framework over the last 12 to 24 months. Vendors are positioning these tools to automate repetitive tasks, improve reporting, accelerate analysis, and reduce manual accounting work. Common use cases include accounts payable processing, reconciliations, financial close assistance, invoice matching, report generation, variance analysis, summarization, SEO, and product description generation, and natural language reporting.

However, Nucleus found that SMB adoption of AI remains practical and measured rather than transformational. Most SMB organizations are not looking to deploy large-scale autonomous systems. Instead, they are focused on supportive tools that help lean teams operate more efficiently. Customers are generally most interested in AI capabilities that reduce repetitive work, simplify reporting, summarize information, identify anomalies, or improve responsiveness in customer service and operational workflows. For many organizations, the primary objective is not autonomy, but rather enabling lean teams to accomplish more work with existing resources. Embedded AI capabilities integrated directly into finance, inventory, procurement, or operational workflows are receiving stronger interest than standalone AI products or highly experimental use cases.

Nucleus observed that many SMB organizations are already experimenting with commercial AI tools such as ChatGPT, Claude, or Gemini to support reporting, analysis, documentation, and workflow automation outside the ERP system. As a result, SMB ERP vendors are increasingly positioning themselves as governed operational systems that can connect AI to trusted financial and operational data. Vendors are embedding AI directly into workflows while also expanding support for external AI connectivity, orchestration frameworks, and natural language interfaces. The market is beginning to move away from isolated AI assistants toward workflow-aware systems that can participate in day-to-day operational execution.

While AI remains one of the fastest-moving areas of ERP innovation, SMB customers continue to prioritize practical automation that reduces manual work and improves productivity over experimental functionality.

Despite this acceleration, Nucleus found that maturity levels across the SMB market remain highly inconsistent. Many SMB organizations still rely heavily on spreadsheets, disconnected applications, manual reporting, and tribal operational knowledge. Data governance, process standardization, and reporting maturity vary significantly across companies by size, industry, ownership structure, and growth stage. In many cases, SMB organizations are attempting to modernize operations while simultaneously formalizing business processes for the first time. This creates both opportunity and risk. ERP vendors can deliver meaningful operational improvements, but organizations still need sufficient process discipline, change management, and internal ownership to operationalize automation and AI capabilities effectively.

Industry specialization continues to grow in importance throughout the SMB ERP market. Nucleus found that customers increasingly want vendors that understand their specific operating environment and can support industry-specific workflows out of the box. Manufacturing organizations are prioritizing stronger connectivity between ERP, manufacturing execution, quality management, warehouse operations, and supply chain processes. Construction and project-based businesses are seeking better visibility into job costing, labor tracking, subcontractor management, and field operations. Distribution and retail organizations continue to prioritize inventory visibility, fulfillment efficiency, supplier coordination, and e-commerce integration. This demand has driven SMB ERP vendors to deepen vertical capabilities and expand ecosystem integrations across operational domains.

Integration flexibility is also becoming increasingly important. While SMB customers continue to prefer simplified technology environments with fewer disconnected systems, they still expect ERP platforms to integrate with e-commerce applications, payment platforms, banks, payroll providers, tax systems, robotics solutions, analytics tools, manufacturing technologies, and external AI services. Nucleus found that the SMB market is increasingly favoring vendors that can balance platform simplicity with extensibility. Customers want solutions that are configurable enough to support business growth, but not so complex that they require large implementation teams or extensive ongoing maintenance.



Another major trend in the SMB ERP market is the growing importance of embedded financial ecosystems. Vendors are increasingly integrating payments, treasury management, payroll, expense management, tax automation, banking connectivity, and fintech services directly into ERP workflows. This is particularly attractive for SMB organizations because it reduces IT burden, shortens deployment timelines, simplifies vendor management, and creates more unified operational workflows. Nucleus found that many SMB customers are prioritizing platforms that can centralize operational and financial activities while minimizing the number of disconnected applications employees must manage daily.

Cloud ERP adoption also continues to accelerate across the SMB market. Historically, cloud adoption in SMB environments was often driven by infrastructure simplification and lower upfront costs. Analysts found that the conversation is now increasingly tied to operational agility, remote accessibility, embedded automation, and access to ongoing innovation, particularly around AI and analytics. Vendors are concentrating product innovation in cloud environments, making modernization decisions increasingly strategic for SMB organizations seeking to remain competitive and scalable.

Usability, services, and customer support remain major differentiators in the SMB ERP market. SMB organizations often operate with smaller internal support teams and rely heavily on vendors and implementation partners for onboarding, enablement, and issue resolution. Nucleus found that customers continue to place strong emphasis on implementation speed, support responsiveness, practical training resources, and vendor accessibility. Poor support experiences, slow ticket response times, or overly complex deployment processes can significantly impact usability and customer satisfaction, particularly for smaller organizations without dedicated ERP administrators.

As lean teams face growing operational demands, ERP is increasingly serving as a centralized platform for coordinating financial, operational, and customer-facing processes across the business.

Looking ahead, analysts expect the SMB ERP market to continue evolving toward operationally intelligent platforms designed to help organizations improve productivity, increase visibility, and scale operations more efficiently. As economic uncertainty, labor constraints, and growth pressures persist, SMB customers are increasingly evaluating ERP investments based on their ability to deliver measurable returns through labor efficiency, process automation, faster decision-making, and support for growth without proportional increases in headcount. The leading vendors will likely be those that can combine usability, embedded automation, industry specialization, and practical AI capabilities into cohesive workflows that reduce manual effort and improve operational coordination without significantly increasing complexity. While AI will remain an important area of innovation, SMB customers are expected to continue prioritizing measurable business outcomes over experimental functionality. Vendors that can help organizations automate repetitive work, improve financial and operational visibility, and accelerate time-to-value will be best positioned to succeed in the next phase of the SMB ERP market.

The Nucleus Research SMB ERP Technology Value Matrix provides an assessment of the market based on how vendors deliver value to customers through the usability and functionality of their solutions (Nucleus Research x222 – Understanding the Value Matrix, December 2023). The research is intended to deliver a relevant snapshot of the Marketing Automation technology market, rather than serve as an empirical ranking of the vendors. The arrows indicate each vendor's perceived momentum and are informed through conversations with end users, recently released capabilities, features, and other areas of investment.

Ultimately, SMB customers are less concerned with emerging technologies than they are with measurable business outcomes, making ROI, usability, and time-to-value critical factors in ERP purchasing decisions.

## Leader Profile

# Rootstock Software

Rootstock ERP is recognized as a Leader in the 2026 SMB ERP Technology Value Matrix, with a strong focus on manufacturing-driven midsized organizations. Rootstock primarily serves industries including aerospace and defense, industrial equipment, high technology and electronics, medical devices, cannabis, and project-based manufacturing. The platform provides functionality spanning sales management, engineering, production, inventory management, procurement, supply chain operations, financial management, analytics, customer service, and collaboration within a unified ERP environment. Built natively on the Salesforce Platform, Rootstock leverages a shared data model and consistent user experience across ERP and CRM workflows, helping organizations improve operational visibility and coordination across sales, service, operations, and finance functions.

Rootstock expanded its focus on supply chain resilience, tariff management, and AI-driven operational automation. The vendor provides capabilities to help manufacturers manage changing tariff exposure, landed costs, sourcing decisions, and inventory timing strategies more effectively within ERP workflows. The platform also integrates with Avalara AvaTax Cross-Border to automate customs duty calculations and harmonized system (HS) code assignments, supporting compliance and reducing manual processing requirements. Rootstock also introduced early ERP agent prototypes that combined ERP and CRM data to support areas such as procurement, scheduling, and operational coordination, with the goal of reducing manual effort and improving responsiveness across manufacturing operations.

Rootstock delivers manufacturing- focused ERP capabilities for aerospace and defense, industrial equipment, medical device, high-tech, and project-based manufacturing organizations through a platform built natively on Salesforce.



Recent updates and announcements include:

► **Manufacturing Compliance and Traceability Enhancements.**

Rootstock expanded its manufacturing traceability and compliance capabilities by enhancing support for the Unique Device Identification (UDI) and GS1 data standards. These updates improve serialized and lot-controlled product tracking, regulatory compliance, and lifecycle visibility across manufacturing operations.

► **Manufacturing Operations and Supply Planning Enhancements.**

Rootstock introduced enhancements across subcontracting, bill-of-materials management, distribution requirements planning (DRP), routing, and work-order processing workflows. These updates are designed to improve manufacturing flexibility, supply planning accuracy, operational control, and production execution across complex manufacturing environments.

► **AI-Powered ERP Workflow Automation.**

Rootstock introduced a conversational AI-powered ERP agent designed to automate operational tasks, including inventory adjustments, work order creation, and sales analysis workflows. The capability is intended to reduce manual effort, improve responsiveness, and support more efficient operational decision-making directly within ERP processes.

► **Financial Management and Transaction Control Enhancements.**

Rootstock expanded financial and transaction management functionality through enhancements that support return-to-vendor (RTV) reversals, improve AR/AP workflows, enhance general ledger usability, and support a 13-period fiscal calendar. These updates strengthen auditability, financial flexibility, and operational accuracy across finance processes.

► **User Experience and Administrative Configuration Enhancements.**

Rootstock introduced usability and configuration improvements, including a modernized grid experience, inline editing, advanced filtering, layout management tools, and template cloning functionality. These updates are designed to simplify administration, improve usability, and accelerate adoption of ongoing user experience enhancements across the platform.

Rootstock expanded its focus on supply chain resilience through tariff management capabilities that help manufacturers manage landed costs, sourcing decisions, inventory strategies, and cross-border compliance requirements.



# About Rootstock

## Fast Facts

Website: [rootstock.com](https://rootstock.com)

Headquarters: San Ramon, CA

Number of Customers: 325+

LinkedIn: [www.linkedin.com/company/rootstock-software](https://www.linkedin.com/company/rootstock-software)

X: [x.com/RootstockMFG](https://x.com/RootstockMFG)

## Customer Success

“With Rootstock ERP now live, we have stronger visibility into the operational drivers of our business – from material planning to labor allocation. This insight is critical in a build-to-order environment like ours, where understanding true production costs and lead times directly impacts pricing, delivery, and long-term scalability. Rootstock gives us a strong planning foundation as we continue to grow.”

- **Albert Leon**, Chief Information Officer at HRD Aero Systems, the parent company of Applied Energy Technology Corp.

“Residential construction is picking up just as we’ve completed our deployment, enabling us to work faster and smarter with Rootstock ERP and Agentforce Revenue Management. With everything now connected on one platform, our teams have been able to better coordinate, streamline, and automate processes. We’re already seeing employees become more proactive and aligned in how they manage day-to-day operations.”

- **Jack Petty**, VP of Operations at Petty Products

“Our previous ERP was over three decades old and simply couldn’t support the complexity and scale of our current manufacturing needs. Rootstock was chosen for its comprehensive set of capabilities and seamless collaboration with Salesforce Sales Cloud, which we’ve used for years. Rootstock also has a certified Workday integration, which we will leverage as we deploy Workday Financial Management to unify our solutions, ensuring smooth data flow and enhanced efficiency.”

- **Matt Young**, CIO of Structural Group



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