

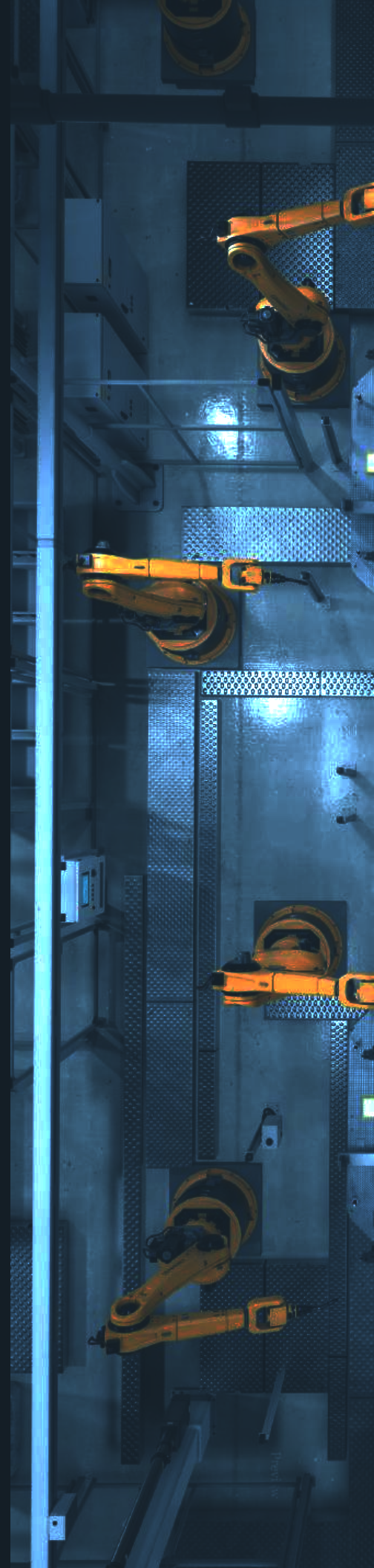
2024 SMB ERP Technology Value Matrix

Nucleus Research Report Excerpt



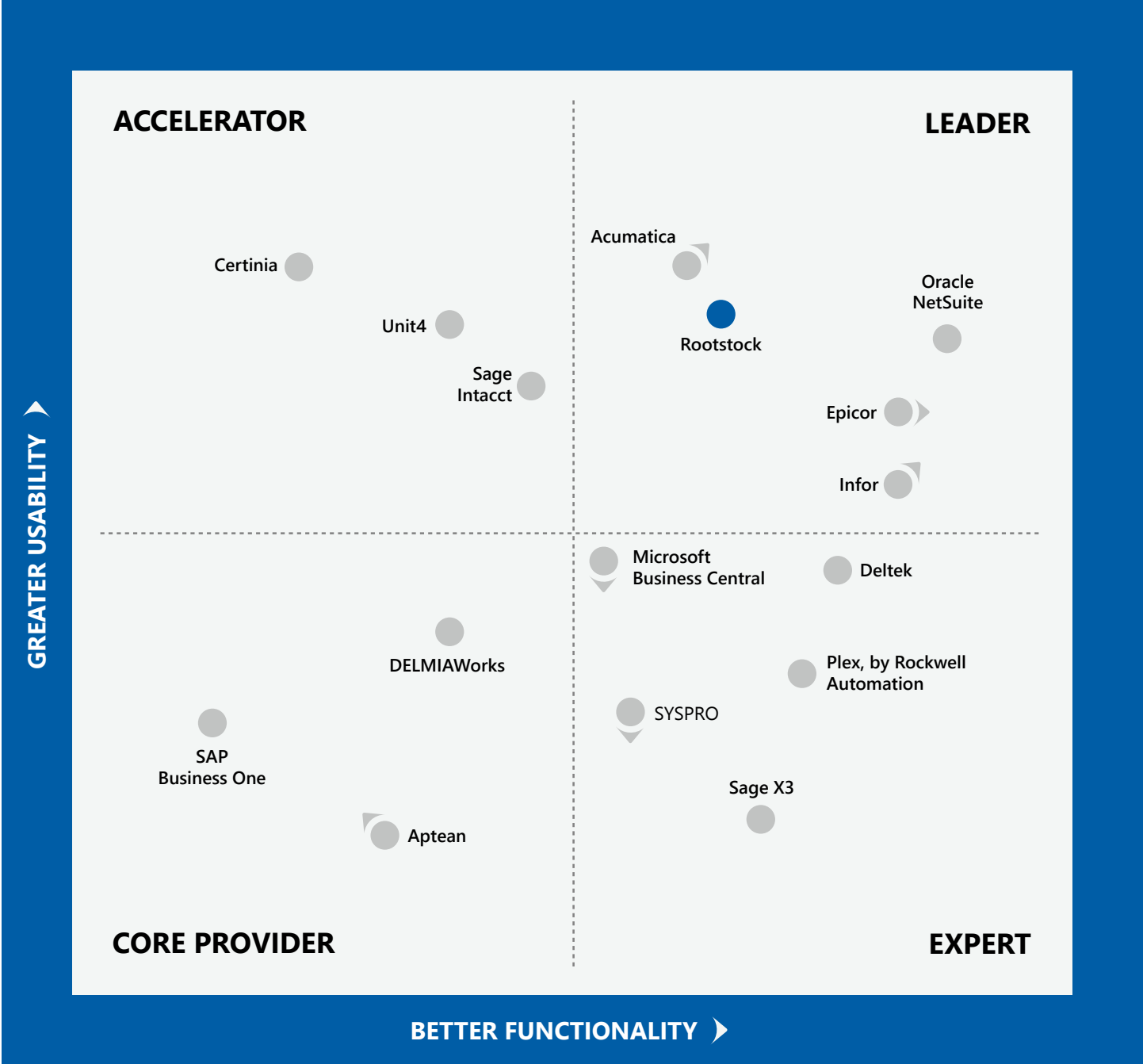
The bottom line

To survive and stay competitive among their peers, SMBs must move beyond outdated methods like QuickBooks and legacy systems. Modern ERP systems provide crucial agility and predictive insights, especially in supply chain planning amidst inflation and geopolitical risks. Data-driven decisions and advanced analytics are now essential, making comprehensive analytics a fundamental ERP requirement. As seen parallel to the enterprise space, generative AI integration is a key trend for SMB ERPs, with vendors differentiating through conservative NLP use cases and robust data privacy measures.



SMB ERP

Value Matrix | June 2024



Overview

In 2024, small and medium-sized businesses (SMBs) are continuing to recognize that outdated methods like QuickBooks, spreadsheets, and cumbersome legacy systems are inadequate for not just growing their operations, but surviving. The functionality gap between these manual or legacy solutions and modern ERP systems continues to widen. Today's ERP suites offer much more than transactional utilities; they provide systems that enable agility and predictive insights, particularly in supply chain planning, which has become crucial amid sustained inflation and geopolitical risks.

SMBs are increasingly data-oriented, making decisions based on predictive and prescriptive analytics. The competitive landscape demands that organizations automate processes and make data-driven decisions. Advanced analytics functionalities are now a fundamental requirement in ERP system RFP inquiries. SMBs recognize the value of comprehensive analytics capabilities, which enhance decision-making across various business functions, including sales, HR, supply chain, marketing, finance, and accounting. This shift

reflects a broader trend where data-driven operations are not just an advantage but a necessity for staying competitive.

Similar to the enterprise ERP space, generative AI continues to be a significant trend in solutions for SMBs (Nucleus Research y71 – Enterprise ERP Technology Value Matrix 2024 – June 2024). Nearly all vendors have integrated generative AI features into their offerings, with significant investments in both traditional machine learning and new AI technologies. Differentiation among vendors is evident in those who apply generative AI to conservative natural language processing (NLP) use cases rather than bold process reimaginings, where productivity gains are achieved by improving existing processes.

One critical area of differentiation is how vendors handle data privacy, especially concerning the exposure of data to third-party large language model (LLM) APIs. Many customers are concerned about data privacy and security, prompting vendors to adopt varied approaches to protect sensitive information. This focus on data privacy is crucial for gaining customer trust and ensuring compliance with regulatory requirements.

In this Value Matrix, vendors are positioned according to the relative usability and functionality of their respective solutions, as well as the value that customers realized from each product's capabilities (Nucleus Research X222 – Understanding the Value Matrix – December 2023) and presented as a snapshot of the current market rather than an empirical ranking of vendors. The arrows indicate perceived momentum in the indicated direction with respect to usability and functionality. Positioning and momentum are informed primarily by conversations with end-users, along with the most recently released capabilities/features and areas of vendor investment.

Leader Profile: Rootstock Software



Rootstock has been recognized as a leader in the 2024 SMB ERP Technology Value Matrix. Specializing in the manufacturing sector, Rootstock caters predominantly to mid-sized businesses in industries such as aerospace and defense, cannabis, high-tech and electronics, industrial equipment, medical devices, and project

manufacturing. The Rootstock ERP platform offers an extensive range of features, covering sales, engineering, supply chain management, production, inventory, financials, analytics, collaboration, and customer service. Built on the Salesforce Platform, Rootstock delivers a unified data model and user experience, allowing for the seamless integration of CRM, ERP, and other business applications. This integration provides businesses with comprehensive visibility across marketing, sales, operations, finance, and service, enabling them to manage operations effectively, enhance customer focus, and increase agility.

Recent product updates and enhancements include:

- **Rootstock announced key product update.** Throughout the last year, Rootstock introduced three major updates. These include the Spring '23 Release featuring the launch of Enterprise Insights, a new analytics solution that integrates with Salesforce Commerce Cloud, Manufacturing Cloud, and Service Cloud to provide comprehensive business visibility. Enhancements were also made to the Financial Management module and the user interface.

- **The vendor announced the Winter '24 Release.** Significant enhancements were introduced to Rootstock Financials, including improved grid components for better data visibility, advancements in purchase order and Accounts payable matching, streamlined processing of open items in accounts payable, and an updated payable transactions process. Additionally, the release included a new Salesforce Lightning page for accounts payable that simplifies the payment process.
- **Rootstock announced the debut of AIRS.** On March 27, 2024, at the Rooted-In Manufacturing Conference, Rootstock unveiled AIRS (Artificial Intelligence from Rootstock), a new AI-based solution built on Salesforce Einstein 1 Platform. AIRS leverages extensive ERP data to facilitate predictive and generative AI capabilities in decision-making across inventory planning, demand forecasting, supplier collaboration, financial forecasting, and enhanced communication.
- **The vendor announced improvements in customer service.** On January 11, 2024, the QuickStart Implementation for Manufacturers was launched, tailored for mid-sized manufacturers to streamline the go-live process with pre-configured settings and templates. On January 24, 2024, Rootstock launched a new Implementation Certification to verify the expertise of partners in handling Rootstock ERP implementations. On March 27, 2024, the newly structured Rootstock Partner Program was introduced, offering a three-tiered approach to foster growth and ensure the delivery of high-quality ERP solutions.
- **Rootstock announced the launch of the Rootstock Signal Chain Appstore.** This new online marketplace, introduced on March 27, 2024, allows customers to find prevalidated third-party software applications that work with Rootstock ERP seamlessly. The Signal Chain Appstore provides a platform for innovation, offering solutions to various business challenges, and supporting scalability and flexibility as customer needs evolve.

About Rootstock

Fast Facts

Website: rootstock.com

Headquarters: San Ramon, CA

Number of Customers: 180+

LinkedIn: www.linkedin.com/company/rootstock-software

X: x.com/RootstockMFG

Customer Success

"We've doubled revenue for the last three years. If we didn't have Rootstock Software, we wouldn't have been able to grow."

–Tyler Godsy, Corporate Controller, Fike Corporation

"Before Rootstock, we had a limited number of projects that we were able to manage. Now with Rootstock, we can manage about 150% of what we used to be able to manage."

– Sean Scanlan, Director of IT at Architectural Fabrication

"Partnering with Rootstock has been the right thing for us. We've been able to build a platform for the next generation that enables growth while maintaining sustainability."

– Raymond Beiler, VP at Equipter



