HOT COMPANIES TO WATCH IN 2022

ANALYSTS

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THE BOTTOM LINE

Nucleus selected 11 companies to watch in 2022 that have demonstrated high performance levels, positioning them for continued success in the coming year. The list includes leaders in their respective spaces, as well as new contenders entering niche market areas. Nucleus assessed the ability of these vendors to carry out strategic initiatives and maintain their positioning relative to competitors. All vendors featured in this research note have moved towards driving customer value amid an uncertain work landscape.

OVERVIEW

Nucleus selected 11 companies that are well-positioned to maintain high performance levels into 2022 and beyond. The list includes longstanding leaders and incoming contenders in their corresponding market areas were assessed on their ability to implement strategies that continue to drive positive business outcomes.

BLUE YONDER

Blue Yonder is one of the leading supply chain and workforce management (WFM) solutions providers, serving primarily retail, automotive, industrial, third-party logistics, consumer products, high-tech, and semiconductor industries. With Blue Yonder's acquisition by Panasonic this year, customers will benefit from the combined power of the Internet of Things (IoT), edge computing, and AI/ML.

> **Panasonic's acquisition of Blue Yonder will expand visibility and control of operations.**

Panasonic's IoT and edge technology complements Blue Yonder's supply chain and WFM ecosystem by providing the ability to integrate and process numerous data points relevant to the supply chain and employees, such as weather fluctuations, employee biometrics, and logistics speeds. With edge computing, companies can analyze data more quickly as it is processed locally and does not have to be sent back and forth to a central server. This leads to more intelligent and interconnected supply chains and improved workflows.

The connection between Blue Yonder's supply chain and WFM functionality gives customers full visibility into operations. This has been especially critical for industries such as retail and manufacturing that are particularly hard-hit by ongoing supply chain and staff shortages and require tools to maintain efficiency with fewer resources. The vendor's WFM features can be SaaS-delivered through Microsoft Azure as microservices to provide existing supply chain customers with quick implementation.

In combination with Panasonic's proprietary technology, Nucleus believes that Blue Yonder will provide customers with comprehensive end-to-end visibility, control, and orchestration capabilities, which enable them to optimize operations in real-time. This acquisition moves Blue Yonder one step closer to providing organizations with a truly autonomous supply chain and ecosystem.

CLOUDFLARE

As companies increasingly rely on webpages and other web-hosted resources to connect employees and reach customers, it's critical to optimize the performance and security of the systems. Cloudflare provides essential website infrastructure and website security services to companies seeking a DNS service, a CDN, or protection from DDoS attacks. Cloudflare enables this security by offering a reverse proxy to protect the user's site from direct traffic and balance requests and computational loads across a distributed pool of servers for improved performance. This load balancing operates on a global scale, further minimizing load times by connecting clients with the server with the closest geographical proximity. These capabilities enable customers to reduce their IT infrastructure and security costs, especially for companies paying for processing power in a usage-based pricing structure.

Cloudflare has also begun leveraging its security and performance-focused architecture to challenge AWS Lambda in serverless computation with its Cloudflare Workers offering. Cloudflare Workers has currently found a groove servicing small to mid-market clientele with an attractive pricing model for smaller requests, operating free at up to 100,000 requests per day. Cloudflare has also demonstrated an ability to innovate and adapt within an increasingly volatile cloud computing and security market with continued investments in critical areas such as stability, performance, availability, and security. As the vendor continues to innovate and grow, Nucleus expects Cloudflare to gain further enterprise trust and adoption, resulting in the vendor's recognition as a hot company to watch in 2022.

CORNERSTONE

Cornerstone is a longstanding provider of SaaS-delivered talent management solutions that primarily serves organizations of 1000 or more employees but offers additional solutions tailored to the specific needs of smaller businesses and industry verticals. Machine learning and predictive analytics capabilities are embedded throughout the platform, enabling the system to analyze continuously learning activity and deliver relevant content.

Upskilling and reskilling employees is a high-priority initiative for organizations across industries and sizes. This situation is underscored by a shortage of willing talent and a competitive job market that has led businesses to focus their financial investments more on learning and development than talent acquisition. However, the hurdle

to successfully deploying learning management systems is a lack of end-user engagement and subsequent low adoption. The recent launch of the Cornerstone Xplor platform tackles this issue by focusing on personalized, skill-based learning experiences through integration with the vendor's skill graph. The solution connects learning outcomes to growth opportunities such as promotions or special projects to encourage self-driven learning and

improve system adoption, ultimately leading to improved productivity and the potential for increased revenue opportunities.

DOMO

Domo is an end-to-end cloud-based analytics platform with data ingestion, preparation, transformation, and governance capabilities. Customers can leverage Domo's visual drag-

> **Domo's investments in R&D ensure its viability as market conditions shift.**

and-drop tools or more traditional SQL-like syntax to merge data from various sources, edit data relationships, and load data. By bringing data together from across the organization, Domo creates a single source of truth, enabling a wide range of self-service analytics and collaborative insights. Domo also offers robust security and accessibility controls with Domo Governance, allowing users to set permissions for specific data access, change auditing, and built-in certification workflows. Throughout the past year, Domo has continued to invest heavily in areas such as data science integration, custom analytic app development, and machine learning to ensure its viability as market conditions and customer preferences shift. This practice included developments such as Adrenaline DataFlows, enabling users to summarize and aggregate massive datasets. Additional developments include natural language narrative cards for digestible analytics with understandable data stories, and Domo Data Experience (DDX) bricks bringing users reusable code blocks to build custom visualizations and apps to modernize business workflows with a drag-and-drop interface. Due to Domo's significant enterprise adoption, ease of embedding advanced capabilities, and the comprehensive, end-to-end nature of the platform spanning the entire data pipeline, the vendor is recognized as one of Nucleus' hot companies to watch for 2022.

INCORTA

Incorta is an iPaaS solution featuring over 240 data connectors, increasingly leveraged by enterprise clientele for its differentiated speed of financial reporting and analysis of financial data. By focusing on industry common technology rather than use cases, Incorta leverages a data lake alongside in-memory analytics to optimize performance for business and operational data management and analysis. With Incorta's Direct Data Mapping platform, the iPaaS vendor streamlines traditional data storage and query processing by offering data source connection, data modeling, and visualization without dependence on ETL or data warehouses. Incorta Direct Data Mapping uses a condensed metadata layer to analyze data and data relationships across sources to query data faster and perform more joins without degrading data. Incorta's consumption-based pricing then translates this optimized architecture into direct cost savings aligning with the vendor's goal of building competitive

advantage through resource efficiency. Nucleus recognizes Incorta as a Hot company to watch for 2022 due to its differentiated performance for integrating, transforming, and analyzing disparate operational and financial data sources.

INFORMATICA

Informatica is making a significant transition to cloud services with the Informatica Intelligent Data Management Cloud. Recognizing that data is the most important asset of any enterprise, cloud data management, and governance are primary drivers of the Informatica platform. Its partnership with Snowflake delivers an automated process for moving large volumes of data to Snowflake's warehouse much more quickly than in the past. Informatica's return to the public market with its October 2021 IPO (#2) raised more than $840 million with a clear purpose of expanding its cloud services efficiently and at scale. Nucleus expects Informatica to continue its upward trajectory in 2022 as it develops additional relationships such as with AWS - a solution that democratizes access to data lakes using AWS Lake Formation

PLANFUL

Planful is a Corporate Performance Management (CPM) solutions vendor that offers medium-sized organizations a SaaS platform to manage their finance and accounting teams' daily operations. Offering both financial consolidation and close (FCC) and financial planning & analytic (FP&A) technology, Planful played a leading role in many of its customer's "continuous planning" initiatives to navigate Covid-19's market disruptions. (Nucleus Research V18 – *CPM Technology Value Matrix 2021* – February 2021) Over the past year, Planful has doubled down with its AI/ML investments, launching its Predict suite's first solution, Predict Signals in June and debuting Predict: Projections in September. These solutions are designed to consume large amounts of data to streamline FP&A processes and support decision-making with anomaly detection, alerts to variances, identification of relational data, and auto-generating scenarios.

In addition to product improvements, Planful announced in July a new strategic partnership with Trintech, integrating the Planful Platform with Adra; where Planful specializes in cross-departmental and holistic planning, Trintech is an expert in account reconciliation and financial close. The partnership means greater cross-sell opportunities between the two customer bases as either vendor can now resell one another's solutions. The success of Planful's initiatives is, in part, reflected by a 100 percent year-to-date increase in net new customer acquisitions and a 500 percent increase in partner sales channels in Q3. With ongoing supply chain issues and labor shortages, Nucleus believes Planful is well-positioned

to offer mid-market users the agile forecasting capabilities needed to remain competitive in today's economy.

STRIPE

Stripe is one of the most established vendors in the online payments space. It offers services as both a payment service provider (PSP) and a payment gateway provider. It has several applications and developer tools for more finely tuned control of the payment process. Its

> **Stripe's Bitcoin processing capabilities give it an advantage over similar vendors.**

customers include some of the largest B2B and B2C brands, it can handle over 135 currencies and is expanding into the world of cryptocurrencies as well. With e-commerce widely recognized as the primary mode of shopping in the future, and with the pandemic dramatically accelerating this shift away from in-person business, the ability to handle payments quickly and securely is an essential capability for any growth-minded business. By serving as a sort of middleman in online transactions, Stripe is well-insulated from economic turbulence – as long as transactions continue, it will continue to collect revenue. Demand for its services is relatively inelastic, so it will always be able to collect viable margins assuming it fends off competitors for market share. This year it announced a willingness to re-activate its bitcoin processing capability to meet the rising demand for bitcoin payment processing in commerce. Stripe has a head-start on other vendors looking to capitalize on this demand, given it previously had supported bitcoin payments until 2018. Capturing the bulk of fiat and crypto online payment traffic positions Stripe for growth and strong performance through 2022 and beyond.

UKG

UKG has advanced its position in the full-suite HCM space after its creation through the merger of Ultimate Software and Kronos, completed in 2020. With bundled HCM and workforce management (WFM) offerings for the enterprise (UKG Pro) and midsized organizations (UKG Ready), the vendor appeals to a broader market than close competitors. Recent acquisitions and partnerships have helped UKG stay ahead of the competition in specific areas of HCM. For example, the vendor's 2018 acquisition of France-based PeopleDoc, enables it to provide HR Service Delivery solutions to its customers worldwide, while other vendors continue to lag in that specific functionality. The move also expanded the vendor's reach further into EMEA.

Most recently, UKG announced the launch of UKG, a financial wellness and flexible earned wage access tool powered by a partnership with PayActiv. UKG Wallet is purpose-built to

help employees make financial decisions, impacting their life and work experiences. As hiring in certain industries remains a challenge, employers must seek new ways and require the right tools to provide benefits to attract and retain high-performing workers successfully. As more benefits, such as early access to wages, become table stakes functionality that prospective employees expect the launch of UKG Wallet places UKG in an advantageous position and reduces the risk of potential customer churn. UKG continues to invest aggressively in its HCM and WFM strategy and is well-positioned to continue strong growth into 2022.

VANTA

Vanta is a cloud-based automated and continuous compliance management solution founded in 2017. Vanta is considered a recent start-up, developed to enable companies to improve and verify security and compliance. Its products automate more than 80 percent of the methods needed to simplify the process of multiple compliance certifications such as SOC 2 audit reports, HIPAA, and ISO 2007. In November 2021, it introduced a new product, PCI DSS certification. Vanta's PCI DSS (Payment Card Industry Data Security Standard) solution enables companies to prove compliance with the worldwide standard that applies to all online businesses that accept, process, store, or have the potential to affect the security of cardholder data. Vanta's new PCI DSS solution automates up to 60 percent of the work needed to prove compliance, making it the first in the industry to offer holistic, automated PCI DSS compliance. A 'quiet' company with minimal publicity, Vanta raised $50 million funding in May 2021 to an estimated valuation of more than one-half billion dollars.

ZOHO

Zoho appears on this list for another consecutive year, based on solid customer growth and momentum, as well as continued expansion into new application areas with high demand such as data integration, data preparation, UX design, and low code application development among others. It is rapidly growing and adding capability across all 50-plus applications in the Zoho One ecosystem. Its growth is entirely scalable and self-contained as it operates its proprietary cloud worldwide, does not share or sell user data for ads or other revenue, and leverages a unified data model across all applications to streamline integration and deployment. Zoho occupies a unique position in the market in that it delivers comprehensive functionality, both in the breadth of applications and in individual application functionality and customization potential, but at a significantly lower price than competing enterprise solutions. Its customers currently tend toward smaller and midmarket organizations; however, it has a growing stable of large enterprise customers and has

demonstrated the capability of delivering and maintaining a system with thousands of monthly users. During times of economic turbulence, as we are seeing now, value bets are always the safest play. Zoho has a demonstrated history of delivering high value across various deployment sizes and industries. Its lower cost and rapid average deployment time (days to weeks, not months to years) make it a lesser risk investment for companies looking to test a capability or workflow.