Digital Workplace Service

First Cut

Number: 2020-FC03
October 6, 2020

Topics: Digital Business, Robotic Process Automation, and Workflow and Content Automation

Issue: How will digital categories evolve and what are best practices to go digital?

Author: Jim Lundy

Nintex Buys Archrival K2 as Process Automation Market Begins Consolidation Phase

Summary

Nintex announced that the company has reached an agreement to buy K2 Software, Inc., which provides process automation solutions. The combined entity will make Nintex one of the largest providers of digital business and content automation solutions in the market.

Event

Nintex announced the agreement October 1st via a press release. The expected revenue of the combined companies will be over $200 million in recurring annual revenue.

Analysis

Nintex is demonstrating that you can have organic growth and a consolidation strategy at the same time. The K2 acquisition follows other recent acquisitions by Nintex including Promapp in 2018 (Nintex Promapp) and EnableSoft, an RPA vendor in 2019 (Nintex RPA). With its focus on process automation and content automation, this acquisition positions Nintex well as one of the fastest growing providers of both capabilities.

Nintex's growth and the addition of K2 puts the estimated annual revenue at more than $200 million and makes Nintex one of the larger independent digital business providers who can compete with others such as Microsoft, which is also a Nintex partner.

Nintex Growth Strategy Payoff

Nintex's growth strategy is paying off and this move will further accelerate their plan to become one of the largest providers of process automation.

While both firms have geographic distribution, K2 has some strong capabilities in Europe that will help to enhance the overall Nintex global customer community and partner ecosystem.

The Race to Become a Digital Business

Enterprises now have no choice but to become much more fully digital, and part of the challenge that they face is that today, many of the processes inside a company are analog. Process automation and content automation are two of the key aspects of becoming a digital enterprise.

Because Nintex focuses both on process automation and content automation that makes them uniquely qualified to assist enterprises on this journey.

The Market Is Consolidating

It is now clear that enterprises will require more automation capabilities beyond robotic process automation. This is one of the reasons we are entering a consolidation phase.

While it's not uncommon for two competitors to merge, this just shows the huge pent-up demand that we expect to see in the enterprise to fully automate, not just some of

the processes, but all of them, as we head towards a post-pandemic world.

Aragon expects to see significant consolidation in the broader process automation market as larger providers such as Microsoft, Oracle, Google, and Amazon AWS all look to make big moves in this area. Nintex just beat them to the punch by buying K2.

Prediction: *By year end 2024, 50% of the RPA providers will merge or be acquired (70% probability).*

RPA Providers who are candidates for M&A include:

- Automation Anywhere
- Blue Prism
- Kofax
- UiPath

Aragon Advisory

- Enterprises should keep an eye on mergers and acquisitions taking place at the intersection of robotic process automation and content automation.

- Enterprises should explore their options for digital business platforms in light of market consolidation.

- Enterprises should look at digital business platforms that go beyond process automation as an architecture for digital transformation.

Bottom Line

As the demand for automation throughout the enterprise increases, we can expect to see more consolidation in the automation market and a move to incorporate capabilities for workflow automation, RPA, etc., into their

infrastructures for enterprises that have not yet done so. Enterprises should evaluate Nintex and other providers who are providing digital business platforms and solutions.

Additional resources:

[The Aragon Technology Arc for Digital Business](#)

[Aragon Research Globe for Digital Business Platforms, 2020](#)

[Aragon Research Tech Spectrum for Workflow and Content Automation, 2020](#)