

# Low-Code Platforms Are Going Vertical

## Specialized Low-Code Platforms Are Attracting Motivated Buyers Using Industry-Specific Tailor-Made Solutions

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## Summary

The benefits of low-code are clear: reduced development time, access to cheaper and more plentiful nontraditional development resources, software development with deeper participation from critical business resources, and for some, the opportunity to embark on citizen development programs. And the market has responded. Forrester is currently tracking more than 100 low-code vendors. As the megavendors flex their muscles in this lucrative market, many smaller vendors are responding with solutions aimed at addressing specific vertical and horizontal challenges. This trend represents new and compelling options that could be the right answer for many organizations.

# Low-Code Vendors Are Specializing

Companies demand specialized attention, and low-code vendors are answering with exactly that: industry-focused solutions. Some low-code vendors have been industry-specific from inception, addressing a need in the market. Others state that either customer requests for components and features sparked the shift in attention to that market or competition was too brutal playing with the big boys. However, retreating from an unfavorable market is in customers' favor because specialized platforms are becoming a preferred option. Why?

- **Companies adopt low-code to go fast but specialize to go faster.** With specialized platforms for professional and business developers, the speed of low-code amplifies when the entire platform caters to a customer's niche. Specialized low-code vendors focus on optimizing the client experience, implementing elements that increase the speed of adoption and predefined paths to deployment, as well as eliminating as much resistance as possible. This happens through professional assistance, marketplaces with exactly-built solutions, and training (if even needed).
- **It's cost-effective and -efficient.** In any market, the customer wants to know, "What's in it for me?" The answer with specialized platforms is more time to work on additional projects, less money spent, and smaller margins for error. In general, low-code platforms with no specialized offerings need to be built from scratch from standard components or out-of-the-box experiences. A specialized platform comes complete, saving time on development and man-hours. Plus, with end users primarily being the domain experts in the company, there is no requirement to hire specialized help either. Get the job done with the resources you have.

*"For those who need help from the legal department, they don't have to call or email them anymore and wait days for a response. Now, they can self-serve legal guidance and documents using applications built by the legal team in BRYTER. This saves time and enables legal to scale their services across the enterprise." (Michael Grupp, BRYTER)*

- **And the data gets deeper for critical decisions.** Vendors said that CIOs and innovation teams were the stakeholders adopting specialized solutions, primarily for better efficacy and transparency. The leadership team at Forrester, also looking into solutions in this space, seconds this, stating that risk mitigation, revenue improvement, cost reduction, and operational efficacy are primary concerns. With shared accountability for business resilience, C-level executives show interest in specialized platforms like Onspring and Infinite Blue that provide consumable outputs — real-time insights into activities with reports and dashboards.

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## Specialization Can Be Vertical Or Horizontal

Vendors were asked to submit their specialized offerings. We took into consideration marketing, depth of prebuilt solutions, domain expertise support, and the development environment to determine whether to consider a provider vertical or horizontal. The industries that stood out using both were retail, manufacturing, legal compliance, construction, information security, telecommunications, and risk and crisis management. We classified vendors into two categories:

- **Vertical solutions focus on specific industry challenges.** Vertical solutions are platforms with a combination of native components, domain expertise, and specific marketing. They drive adoption, growth, and training on the platform by providing out-of-the-box solutions for a single industry's problems.
- **Horizontal solutions address general business issues.** Horizontal platforms offer solutions for many industries and the ability to develop custom solutions. One common denominator is that horizontal solutions are often built on top of other software like Salesforce, SharePoint, or legacy systems.

## There Are Different Levels Of Solutions

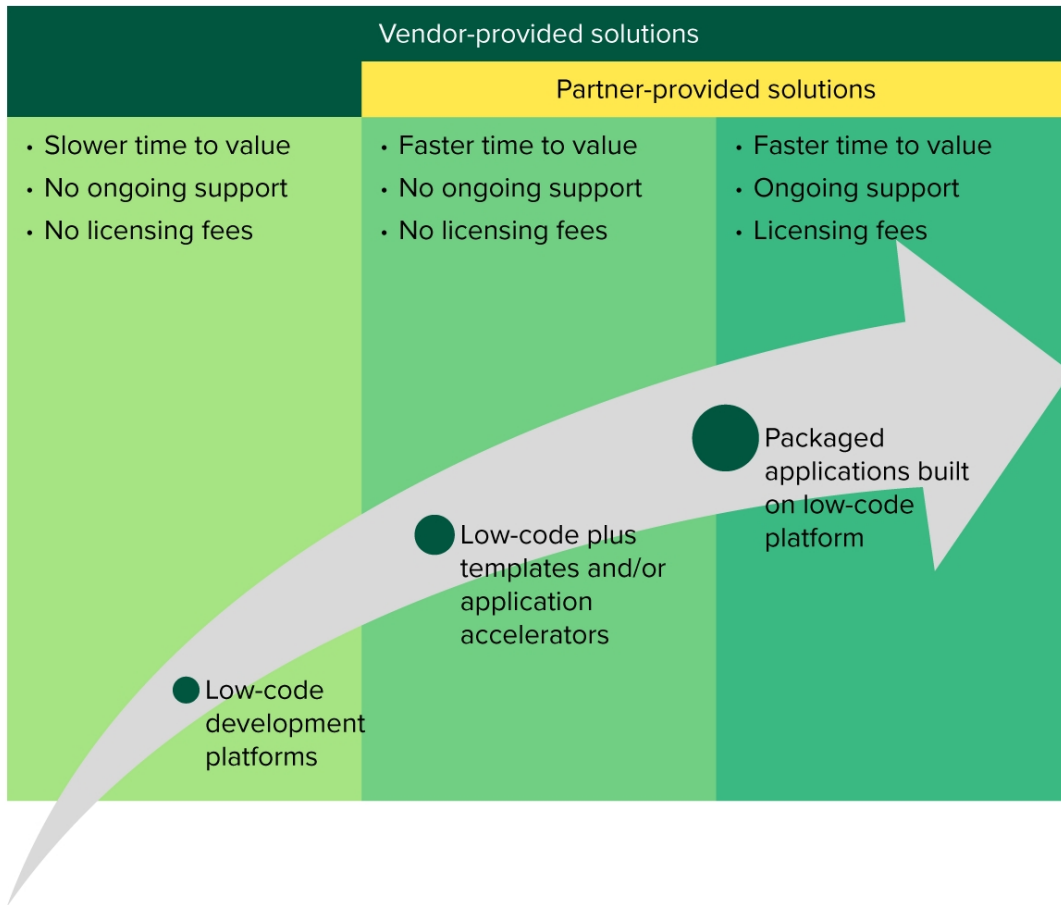
As low-code vendors move toward packaged applications, keep in mind that not all approaches are created equally. As you move from custom coding to packaged applications, the time to value decreases, and the level of support increases (see Figure 1). Partners like systems integrators also leverage vertical and horizontal domain expertise in the form of templates, accelerators, and applications built on top of general low-code platforms. These solutions offer similar benefits, although they usually require managing additional vendor relationships. There are three basic ways you can approach these types of solutions to meet your specific needs:

- **Build the solution yourself on top of a general-use low-code platform.** The greatest flexibility comes with a fully custom-built application. This option also offers the best opportunity to use software to differentiate your business. Building on top of a low-code platform will provide faster time to value than building in code. However, you will still be on the hook to learn the requirements for the application as well as build out all of the application requirements.
- **Start with vendor-provided templates and/or accelerators.** Templates and accelerators offer a jump-start on custom development, offering things like prebuilt forms, data models, integrations to relevant source systems, specific components, etc. These building blocks dramatically cut into requirements gathering and application development time. This approach offers faster time to value. However,

you own the application support, maintenance, and upgrade. Vendors also generally offer templates and accelerators at no charge.

- **Buy a packaged application built on a low-code platform.** Packaged applications offer prebuilt functionality. While they will likely still require some degree of customization, they are essentially bought rather than built. The real value comes from ongoing support and upgrades. As with any packaged application, this also comes with license fees.

**Figure 1**  
Solutions Offer Different Levels Of Speed To Value And Support



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# Consider Three Factors When Evaluating Specialized Solutions

Increasingly, organizations have standardized on one or more low-code development solutions. Why? Because they intend to scale low-code development, and standardized platforms allow a common approach to issues like data access, security, integration, training, change management, user experience design, and many others. These considerations are critical to scaling a software development platform. Standardization tends to favor large portfolio vendors because it leverages existing relationships and software assets. Large vendors can also bundle offerings and put downward pressure on prices. However, for a number of reasons, smaller vendors with specialized offerings can represent a compelling option.

## Specialized Vendors Will Drive A Build-Versus-Buy Decision

By providing specialized solutions, smaller vendors can shift decision criteria in their favor. Rather than building a custom application on a general-use platform, organizations can buy software off the shelf designed for a specific purpose. To drive this decision (to buy rather than build on platforms the organization has already standardized on), vendors must market and sell directly to the business, which is more likely to see value in a solution designed specifically for its needs. When evaluating specialized solutions from low-code vendors, four critical questions arise:

- **Can it address our immediate and long-term business needs?** The primary benefit of specialized solutions is time to value. These solutions leverage existing expertise and functionality that cut the learning curve for requirements and time needed to build the application. The secondary, and perhaps higher-value, benefit comes from the vendor's update and support of these applications if they are productized.
- **Does the solution meet our standards?** Specialized solutions often come in through business units that want the type of fast and supported value described above. IT must often vet and approve them to ensure they meet critical standards for the organization that include, but aren't limited to, requirements for security, deployment, governance controls, and programming languages.
- **Will it provide specific specialized capabilities?** Specialized solutions often include critical capabilities that may not be in generic development platforms. For example, solutions that must work in no- or low-bandwidth environments like construction, engineering, or many energy applications require robust offline capabilities. Another example is preintegration with applications that are

commonly found in specialized environments like medical, financial services, insurance systems, etc.

*“Many solutions do not allow [people] to run operations while offline. They revert to paper to do it later in the office.” (Organizational representative, Kianda)*

- **Does it exacerbate the islands-of-automation problem?** Organizations standardize on platforms to reduce the cost and complexity of supporting numerous systems. In addition, islands of data and application logic make cross-organizational process automation more complex. Organizations must weigh the benefits of breaking from standards in taking advantage of a specialized solution against the benefits of a consistent architecture based on organizational standards.

## **A Low-Code Vertical Solution Could Be Your Standard Platform**

There is great value in buying a specialized solution built on a low-code platform. First, the cost of building and maintaining any customizations specific to your organization should be significantly lower. Second, it could represent a viable option for a low-code platform for general-use applications. Perhaps the best example is ServiceNow, which often comes in as an application like IT service management but later proves to be a good option for wide-scale development. Another example is Creatio, which often comes in as a CRM solution but later spreads to more general usage.

## **The Megavendors And Their Partners Will Respond**

While the prospect of a purpose-built specialized solution is intriguing and smaller vendors are leading the move in this direction, larger vendors will respond in two ways. First, they will introduce specialized applications on their low-code platforms as the market matures and client demand for these solutions creates new revenue sources to tap. Second, megavendors pull large and motivated partner networks that will look to exploit revenue opportunities on top of entrenched platforms. While these partner-provided solutions are also potentially available from smaller low-code vendors, over time, the ecosystem will tend to coalesce around the megavendors that control more market share and hence offer a larger opportunity for partners.

# **Supplemental Material**

## **Companies We Interviewed For This Report**

We would like to thank the individuals from the following companies who generously gave their time during the research for this report.

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