

AI Is Pulling Enterprise Software into Bigger Suites and Tighter Deals

by EOS IMPLICIUM

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Over the past couple of years, the enterprise solutions industry has seen more consolidation and partnerships. Three key forces stand behind that shift. AI has raised the cost and speed demands of product development. Cost pressure has also made integrated tools more attractive to buyers. At the same time, customers increasingly want broader solutions with more connected features and customization. Large players have moved fastest because they can buy or partner to fill gaps quickly. Smaller and niche players are also finding room to grow through B2B marketplaces, which give them a way to co-sell and reach a wider audience.

The enterprise solutions market spans CRMs, ERPs, supply chain management, human capital management, and cybersecurity. It has long been crowded, with multiple vendors serving different company sizes, regions, and needs.

As end-users increasingly seek more sophisticated solutions that fit diverse systems and business needs, **scale has become more valuable in the competitive landscape**, with deals increasingly feeding **broader AI-led platform consolidation**. Larger players have driven this shift by acquiring and partnering with niche and specialized companies. That lets them add machine learning capabilities and specialist products faster than if they built everything themselves. It also helps them strengthen their portfolios and keep customers inside one broader offering.

AI is driving both dealmaking and product competition in enterprise software

AI has played a central role in redefining competition in the enterprise solutions market by helping businesses improve efficiency and cut costs. Early AI mainly automated basic tasks such as data entry. **Generative AI is now driving a wave of acquisitions and partnerships with AI at their core.**

Microsoft is a clear example. It has aggressively expanded its AI capabilities through its multi-billion-dollar investments in OpenAI and the acquisition of Nuance.

OpenAI helps Microsoft make Dynamics 365 harder to ignore

Microsoft has embedded **OpenAI** models in Dynamics 365 via the Azure OpenAI Service. Copilot enhances CRM functions like lead management and customer engagement and adds predictive analytics and automation to ERP and supply-chain modules.

Customers such as **Lumen Technologies**, **Honeywell**, and **Domino's** are using these AI capabilities. For Microsoft, the aim is not just to add features. If Copilot makes Dynamics 365 more useful across CRM, ERP, and supply-chain work, Microsoft has a better chance to expand inside existing accounts and narrow part of the gap with Salesforce in CRM over time.

Microsoft still gets major upside from OpenAI. But it is also trying to limit dependency on one supplier for Copilot's cost, speed, and product direction. That is why **it has been building more of its own AI capability** and testing other models for Copilot while keeping the OpenAI tie-up in place. The late 2025 deal, later reaffirmed in February 2026, kept Microsoft's broad rights to OpenAI's models and Azure's role in OpenAI's APIs. It also gave both sides more room to follow their own plans. For Microsoft, that preserves the upside of the partnership while lowering dependency risk.

Nuance gave Microsoft a stronger hold on healthcare AI workflows

Microsoft's US\$19.7 billion acquisition of **Nuance Communications** in 2022 was another move to strengthen its AI capabilities, in healthcare, especially in Electronic Health Record (EHR) solutions. Nuance leads the healthcare speech recognition and AI space. About 55% of physicians and 75% of radiologists across the USA use its solutions. Antitrust investigations in the USA, the UK, and the EU initially slowed the acquisition while regulators assessed monopoly risk. The deal was later approved.

The deal gave Microsoft more than a healthcare foothold. After launching Microsoft Cloud for Healthcare in 2020, Microsoft still needed stronger assets inside day-to-day clinical work. Nuance brought in machine learning products, healthcare training data, and DAX, which lets doctors record conversations naturally without dictation. Nuance was already widely used in hospitals and doctors' offices. That let Microsoft add AI to a workflow clinicians already used, first through DAX Express in 2023 and later through DAX Copilot inside Epic. **This made Microsoft's cloud offer more relevant inside clinical workflows and gave it a stronger hold on the wider healthcare account.**

Nuance also helped Microsoft deepen its collaboration with **Epic**, the leading EHR software company in the USA. By combining Azure OpenAI Service with Nuance's DAX Express inside the Epic ecosystem, **Microsoft can distribute conversational, ambient, and generative AI at scale** through an existing EHR environment. That makes adoption easier. It also strengthens Microsoft's position in the clinical workflow.

Microsoft is using workflow depth and scale at the same time

The post-acquisition cuts and the retirement of Nuance's on-premises speech server products, including Recognizer and Vocalizer, show that Microsoft is narrowing its focus. It is keeping the assets that fit its healthcare and cloud strategy. That should help it focus resources on the parts of Nuance that **strengthen its position in AI-enabled healthcare workflows, instead of preserving the whole legacy portfolio.**

Taken together, the OpenAI and Nuance deals show how Microsoft is building AI reach in two ways. One is across general business software, and the second is deep inside a regulated industry. **Microsoft says nearly 70% of the Fortune 500 now use Microsoft 365 Copilot**, which gives it broad distribution. Nuance gives it a narrower but stickier place in healthcare workflows. That combination helps Microsoft spread AI across enterprise accounts, while deeper workflow presence makes parts of its offer harder to replace. Together, that should strengthen Microsoft's position across several enterprise software segments, including CRM, where it has historically trailed Salesforce.

While Microsoft is deepening industry-specific capabilities in healthcare, the competitive battle across horizontal platforms is accelerating. Salesforce is broadening beyond core CRM through Slack and AI-enabled collaboration, sharpening its rivalry with Microsoft in customer engagement and workplace productivity.

Category leaders are widening their suites to hold more daily work

Salesforce still leads CRM, but its US\$27.7 billion acquisition of **Slack Technologies** shows **it wants to expand from a system of record into a system of daily work**. The 2021 deal widened its competition with Microsoft from CRM into workplace software, where Microsoft has long been stronger through Teams and the wider Microsoft stack. Slack gave Salesforce a way to connect communication, customer data, and AI more closely instead of leaving them in separate tools. Salesforce says IDC put its 2024 CRM share at 20.7%. That makes this broader push important because it helps defend that lead while creating more ways to grow inside the same accounts.

Slack gave Salesforce a way to place customer records inside the flow of daily work. Salesforce channels connect records and customer data with Slack conversations. That lets **sales, service, and other teams discuss deals, issues, approvals, and handoffs in one place instead of jumping between systems**. That makes Slack more than a collaboration add-on. It gives Salesforce a better chance to keep teams inside its ecosystem, sell more products into the same account, and make replacement harder over time.

Slack's AI setup looks different now. Since Slack's 2025 plan changes, core AI features are included in paid plans, while more advanced AI and Salesforce features sit in Business+ and Enterprise+. That makes price less of a barrier than before. The bigger question is whether these tools become useful in everyday work. If they do, teams have more reason to stay in Slack when they search for information, catch up on conversations, and work with Salesforce data. That would strengthen Salesforce's hold on the work around CRM, even if Microsoft still keeps the advantage in the broader workplace stack.

Healthcare is becoming a key battleground for workflow-driven growth

Healthcare is one of the clearest examples of how large software firms are trying to grow inside industry-specific workflows. Microsoft used the Nuance deal to get into clinical documentation, where doctors already spend time. By building DAX tools into that workflow and linking them with Epic, Microsoft improved its chances of expanding across the same hospital account. The cloud and AI products then sit around the record system, not outside it.

Google is following a similar path with Meditech. Its AI search and summarization tools were added inside the Expanse EHR. That makes adoption easier for hospitals because they can add new functions without replacing the core system they already use. It also **gives Google a more practical way to**

grow inside hospital accounts over time, since the entry point is an existing workflow rather than a full EHR switch.

Oracle's Cerner deal shows the limits of scale when day-to-day product performance is weak. Cerner gave Oracle data, customer access, and a route into healthcare IT, but rollout problems slowed those gains and damaged trust. The VA is moving ahead with additional 2026 deployments, but Oracle has already lost time, and major health systems such as Intermountain and UPMC chose Epic instead. In healthcare, that can have a lasting effect. **Once clinicians and hospital leaders trust another platform more in daily use, it becomes much harder to grow the rest of the account around it.**

Smaller vendors are joining forces to stay relevant and sell more

Large players are not the only ones using deals to fill product gaps. **Smaller and niche firms are also merging to broaden their offers and stay relevant as buyer expectations rise.**

In July 2024, Unbounce, best known for AI-driven landing pages, merged with CRM provider **Insightly** to build a broader sales and marketing platform. The deal brought together a niche leader in landing pages and a smaller CRM player. That gave the combined business more chances to sell into the same accounts, keep customer data and campaign execution closer together, and compete on a fuller offer rather than a single tool. Together, they aim to develop new CRM products with advanced AI features.

In 2022, **ReadyTech** bought the cloud-based HR platform PhoenixHRIS to broaden its workforce solutions and cross-sell to each company's customers.

Marketplaces are giving big platforms more pull over software buying

The industry is also shifting toward selling through B2B marketplaces. Adoption has been slow because of challenges such as customization and buyer-specific pricing. Even so, the model is gaining momentum. IoT Analytics estimated in early 2024 that B2B software marketplaces handled about 1.8% of enterprise software purchases in 2023 and could climb to 10% by 2030. That would make them the fastest-growing procurement channel.

One of the **largest gainers in this move towards marketplaces are large-scale cloud service providers**, such as **Amazon AWS** and **Microsoft Azure**, and **large IT players in the enterprise solutions space**, such as **Salesforce** and **SAP**.

Most of these companies already have their marketplaces for enterprise solutions. For instance, Salesforce has built a marketplace, AppExchange Marketplace, which allows third-party sellers to develop and sell apps that integrate with their platform. By 2024, the AppExchange is expected to have more than 7,000 apps in its marketplace and a large number of customers, including several Fortune 500 companies.

As marketplaces gain momentum, they change the market in two linked ways. They **strengthen the firms that already own large buying channels**, because those firms sit closer to discovery, bundling, and co-selling. At the same time, they **give smaller vendors a way to reach more customers** by listing and packaging their products with larger partners. That creates an opening for niche players, but on terms increasingly shaped by the marketplace owner.

CrowdStrike shows how marketplaces can work for independent vendors. The company has been co-selling its solution with Amazon's AWS Marketplace since 2017 and has surpassed US\$1 billion in software sales through the platform since its listing. For smaller and niche players, that shows marketplaces can expand reach and support co-selling with larger partners, even if the platform owner still controls much of the buying channel.

EOS Implic-Action: Workflow depth and distribution will decide who scales next

Consolidation and alliances are reshaping enterprise software. Right now, the firms best placed to build or buy advanced AI are the ones with the deepest pockets. That is making the market more top-heavy. Developing or acquiring those tools still demands heavy investment, so smaller competitors struggle to keep up. Over time, AI features will become cheaper to roll out more widely. Even then, smaller vendors will still need to innovate or partner because buyers will start expecting those capabilities as standard.

This gap may also shape who each vendor targets. **Larger players are more likely to focus on Fortune 500 companies.** Those companies can absorb both the upfront cost of AI-based solutions and the ongoing cost of scaling them across multiple functions.

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Meanwhile, **smaller enterprise solution players may keep serving small to mid-sized companies** in the near term, especially where traditional SaaS is still good enough. But that part of the market may shrink as AI tools become more affordable to implement. Once mid-sized buyers can afford more capable AI features, vendors that have not improved their products through internal development or partnerships may find it harder to defend pricing and keep customers.

Smaller vendors still have room, but the bar is getting higher

This wave of consolidation gives an **advantage to companies whose products deepen a key workflow or extend the reach of a larger platform**. That is what made players such as Nuance and Slack attractive. In both cases, the **buyer gained a stronger place in the customer's daily work** rather than just another adjacent product.

At the same time, **small and niche players also have an opportunity to partner with marketplace operators by providing complementary solutions**. To succeed, they need to adapt their products for easy integration and align their sales strategies with the marketplace model. That includes pricing models that work well for subscription-based sales. By making these adjustments, small players can continue to grow even as large, AI-driven companies dominate the market.

