# The Rise of the Digital Marketing Suite

**B/ BOWERY CAPITAL**

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# The Digital Marketing Landscape

| Segment | Adobe | IBM | Microsoft | ORACLE | salesforce | Best of Breed/Independent Vendors | |
|---|---|---|---|---|---|---|---|
| **Analytics** *Analyze and segment markets to provide real-time insights and actionable feedback* | Site Catalyst<br>Demdex<br>Uru | Coremetrics<br>Tealeaf<br>IBM Digital Marketing Network<br>Weather FX | Microsoft Advertising (aQuantive) | Oracle Business Analytics<br>Endeca<br>Moat<br>Oracle Infinity (By Webtrends)<br>Oracle CX Audience | RelateIQ<br>Datorama | ComScore<br>Yahoo<br>Bizible<br>Looker | Infor<br>Nielsen<br>Tableau |
| **Content Management** *Platform that allows marketers to create and manage content and optimize user experience* | CQ<br>Livefyre | IBM Web Content Manager<br>Resource/Ammi-rati | SharePoint | FatWire<br>AddThis<br>Grapeshot | ExactTarget Sites | Automony<br>OpenText<br>Alfresco | SAS Insitute<br>Web Analytics<br>24/7 Real Media<br>Aprimo |
| **Social** *Helps organization manage, understand and engage with their audience on social media sites* | Adobe Social | IBM Social Media Marketing Solution | Yammer | Vitrue<br>RightNow<br>Maxymiser | Radian6<br>Buddy Media<br>Social.com<br>Sequence | Lithium Technologies<br>Buffer | Acquia Drupal<br>Joomla!<br>WordPress |
| **Marketing Automation & SEM** *Automate and optimize multi-channel marketing campaigns based on campaign targets and rules* | AdLens<br>Efficient Frontier | Unica | Microsoft Dynamics CRM | Eloqua<br>Bluekai<br>Datalogix | Pardot | Marketo<br>Marin Software<br>SearchForce<br>Criteo | Hubspot |
| **E-commerce** *Facilitates transactions over mobile and web through commerce enabling tools such as payment services and content management* | Magento Commerce | WebSphere Commerce<br>Ecx.io | | ATG | Demandware | Ecwid | DecideDNA<br>IgnitionOne<br>Kenshoo |
| **Campaign Management & Email Marketing** *Track, measure, and deliver email and advertising campaigns to develop customer relationships* | Neolane | IBM Campaign and Interact (Unica)<br>Silverpop | MarketingPilot | Responsys | ExactTarget Email | StrongMail Systems<br>CheetahMail | SendGrid |

Source: Company 10K + 10Q; Evercore.

**Rise Of The Digital Marketing Suite - Part I (What Categories Does The CMO Buy?)**

At Bowery Capital a major area of focus for us is around the CMO. We talk to about 5-10 CMOs a week, mostly at medium to large companies to both understand the market to invest more wisely but also to help our portfolio companies access more customers. Since 2010 when we were at AOL Ventures we began to seen a flurry of activity around CMO spend from a new company formation standpoint. This has started to generate M&A and IPO events and we believe that 2014 and beyond will be great years for those that play in this space.

Given the amount of questions we constantly get from our portfolio about the state of the state, we thought it would make sense to provide our point of view and research. For my first post, it is important to understand "**what are the categories that the CMO is buying?**"

We break this down into 6 major categories**:

*Analytics* - Any tool that combines the power of actionable analytics and audience segmentation with value reporting and analysis.

*Content Management (CMS)* - This segment usually enables marketers to create, manage and optimize customized online customer experiences.

*Social* - Encompasses any tool that helps CMOs measure and manage marketing across social media sites, platforms, apps, etc.

*Marketing Automation + SEM* - Probably the most talked about segment, this combines portfolio and rules based ad management with intelligence campaign forecasting and targeted ad delivery.

*E-Commerce* - Any platform that encompasses and incorporates commerce for all channels including web, mobile and social.

*Campaign Management / Email Marketing* - Platforms that deliver sophisticated campaigns via email to reach potential customers and grow existing customer relationships.

There are obviously more categories and sub-categories that one could create but this is how we generally see it at Bowery Capital and many of the CMOs we speak with feel this accurately describes the market from a spend standpoint. When you start to think about your company selling into the CMO, start to think about these buckets. For Part II, I will talk about the major players in the categories to set a competitive landscape.

**Kudos to our friends at Evercore for originally coming up with these categories

**Rise Of The Digital Marketing Suite - Part II (Who Are The Players?)**

In Part I of our series on the rise of the digital marketing suite we laid out specific categories that the CMO was buying in.  We see 6 major buckets that CMOs are looking at spending money in and think most of today's categorization can be broken down into those buckets.  For my second post on the landscape it is important to understand **"who are the players that are offering these products to CMOs and trying to access budgets?"**

Sticking to our 6 categories:

*Analytics* - Adobe, Oracle, Microsoft and IBM are constantly involved in the discussion in this category.  Salesforce is a recent entrant. More independent vendors like ComScore, Yahoo!, Google, Infor, WPP, Nielsen/NetRatings, Aprimo, Bizible, and Looker have also been very active in the category over the past several years.

*Content Management (CMS)* - Adobe, Oracle, Microsoft and IBM are also involved in this discussion in a big way. Independent vendors like HP, Acquia, Drupal, OpenText, Joomla!, Alfresco, WordPress, and CoreMedia are also a part of the conversation.

*Social* - The big 5 (Adobe, Oracle, Salesforce, Microsoft and IBM) are major players within this area and continue to build scale and depth in the category.  Lithium Technologies and Google are also a part of the conversation in the space.

*Marketing Automation + SEM* - Again the big 5 are all active in this category but there are a fair number of large independent vendors that have had success in recent years selling to CMOs including Marketo, HubSpot, Efficient Frontier, Marin Software, Google/DoubleClick, WPP, SearchForce, IgnitionOne, Criteo, Kenshoo, and others.

*E-Commerce* – Oracle, Salesforce and IBM are involved in the discussion here with the other 3 majors notably out of the conversation to date.  SAP, eBay, and Shopify are the few other players out there that are also a part of the conversation.

*Campaign Management / Email Marketing* - The big 5 have a number of solutions in the category as well as independent vendors like YesMail, StrongMail Systems, Constant Contact, Experian/CheetahMail, and Epsilon.

Note that these lists are not exhaustive and are more a display of the world as we see it talking to many CMOs who buy these tools.  The list is also not broken out by largest player to smallest player from a customer or revenue standpoint but I plan to do that in a later post as well as touch on some of the most interesting start-up companies in each category.  One of the key takeaways is really that there are 5 major companies that have built a huge presence in accessing the CMO, with IBM having the greatest depth of product suite in the category.  Now that we have the categories that matter as well as the players that are in it for Part III I will discuss how each of these players got to where they are and how they are positioned.

**Rise Of The Digital Marketing Suite – Part III (Deep Dive: Adobe Systems)**

In Part II of our series on the rise of the digital marketing suite we laid the groundwork for who is currently operating in the space today and selling into the CMO suite.  The market has grown substantially in just the past 5 years and today calls big players like Oracle, IBM, Microsoft, Adobe and Salesforce the category leaders. For Part III on the landscape it is important to understand "**how did all of these players get to where they are today, what are their strengths and weaknesses, and where are they going?**"

We will deviate a bit from the normal categories and focus instead on each of these 5 main players and their businesses while coming back to our categories from time to time.  First up is Adobe Systems.

**History** - Since 2009 Adobe has predominantly acquired companies to get into this space, buying 9 companies at roughly 5.0-6.0x revenues for over $4.9B and building only 1 product organically. Starting with the *Analytics* category in late 2009 they began with their biggest acquisition to date acquiring Omniture ($1.8B EV / 5.0x LTM Revs) and it's SiteCatalyst SaaS product. Next in July 2010 they bought Day Software ($214M EV / 5.1x LTM Revs) and their line of CQ products to move into the *Content Management* category. Following in 2011 they went on a spree, acquiring Demdex ($58M EV / Undisclosed) in January to further build out the *Analytics* category, Auditude ($120M EV / Undisclosed) in November to get into the *Marketing Automation* category and Efficient Frontier ($400M EV / 5.3x LTM Revs) in December to further move into the *Marketing Automation* category. In 2012 the company took a pause from M&A and instead launched it's own product to add to it's *Social* category called Adobe Social.  Sure they had launched some small bits and pieces along the way but this was the first major category that they tackled internally. In addition, this was also the first year that the company officially brought about the concept of the "Adobe Marketing Cloud" in sales material, collateral and effort and it now is basically the product they sell into a CMO. In June 2013 the company acquired Neolane ($600M EV / 8.6x LTM Revs) to build out their *Campaign Management / Email Marketing* category and only time will tell what is next.   Three years later in May of 2016, Adobe acquired Livefyre (for an undisclosed amount). Then in April 2018, they acquired Uru (for an undisclosed amount). Their latest acquisition to date was in May 2018, with the purchase of Magento Commerce for a total of $1.7B.

**Strengths / Weaknesses** - Adobe is a clear frontrunner given its depth and breadth of product in the market today and they are really only challenged seriously in most head to head business discussions by Salesforce or pointed independent vendors. Remember that they have a huge creative side to their business in digital marketing and digital media so are generally at a distinct advantage and go-to-market relative to other companies in the space. SiteCatalyst (Omniture), CQ (Day Software) and Efficient Frontier are clear market leaders in the *Analytics, Content Management* and *Marketing Automation* categories.  However, their depth in mobile, social and video is somewhat limited. They were severely lacking in the *Campaign Management / Email Marketing* category until the Neolane acquisition. With the acquisition of Magento Commerce, Adobe got its first product in the e-commerce category and officially completed their digital marketing package. Only time will tell if that solution works well for them.

**Go Forward** - Adobe has a complete solution at this point and we don't believe them to really be acquisitive any longer save for a few spaces. They are patient, buy for value (usually 5-6x LTM Revs) and have been one of the more thoughtful leaders in the category here.  Second, their media optimizer product is widely used in search and online display but lacking in social, mobile and video.  We expect them to continue to buy around this theme in *Social* and *Marketing Automation*. That's it for Adobe Systems.

**Rise Of The Digital Marketing Suite – Part III (Deep Dive: Salesforce)**

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We will again deviate a bit from the normal categories here and focus instead on each of these 5 main players and their businesses while coming back to our buckets from time to time.

First up was Adobe Systems. Today we cover Salesforce.

**History** - Since 2011, Salesforce (like Adobe) has predominantly acquired companies to get into this space, buying 6 companies at roughly 7.6-20.0x revenues for more than $7.05B and building only 2 products organically. Amazing that both Adobe and Salesforce spent almost the exact same amount to get into this space with tradeoffs. Salesforce did this with 3 less transactions but was about 2 years behind Adobe in thinking about the marketing cloud. Starting with the *Social* category in March 2011 Salesforce acquired Radian 6 ($326M EV / 9.3x LTM Revs) to enhance all of it's existing products. The concept of a marketing cloud barely existed yet within Salesforce and it was not until their next acquisition in June 2012 of another *Social* category company called Buddy Media ($652M EV / 20.0x LTM Revs) that the company started touting the concept of a marketing cloud. They would immediately combine Radian 6 and Buddy Media post acquisition to form this concept of a marketing cloud. Then, in early 2013 the company took a pause from M&A and instead launched it's own product to add again to its *Social* category called Social.com. Finally in June 2013 the company made its largest acquisition to date buying Exact Target ($2.3B EV / 7.6x LTM Revs) to build into multiple categories including *Campaign Management / Email Marketing*, *Marketing Automation* (via Pardot) and *Content Management*. Like prior integration, the company brought Exact Target and Pardot into the Radian 6 and Buddy Media family to make up what we know today as the "Exact Target Marketing Cloud." In June of 2016, Salesforce acquired Demandware for a total of $2.8B. This was their largest acquisition in their marketing cloud to date and – like Adobe – their first product in the ecommerce category. In January 2017, Salesforce acquired Sequence (for an undisclosed amount). The addition of Sequence competes with IBM's recent theme of adding design companies to their digital marketing suite. In May 2016, Salesforce released the Marketing Cloud Lightning, with a goal of allowing marketers to improve customer experience. Most recently on July 16th 2018 Salesforce bought Datorama for $850 million adding to their marketing analytics category. This move was big for Salesforce as they had one of the weaker analytics category when compared to the top 5 players.

**Strengths / Weaknesses** - Salesforce has built a strong solution set for the CMO today with really strong products in *Marketing Automation* and probably the deepest solution out there right now in *Social*. Pardot is one of the best in the *Marketing Automation* category which gives them a distinct advantage over many of the large independent vendors as well as the big 5. Their depth in mobile and video like Adobe is somewhat limited. Before Exact Target, Sequence, and Datorama they were severely lacking in the *Campaign Management / Email Marketing*, *Content Management*, *Campaign Management / Email Marketing, Analytics*, and *eCommerce* categories but today they have a full solution in every category. Like Adobe there is limited amount of integration and only time will tell if all of these solutions can unify to a great product for a CMO.

**Go Forward** - With Salesforce we know two things. First, they have publicly stated that they want a huge share of CMO dollars over the next 10-20 years. Second, they have an incredible visionary behind the wheel who is not price sensitive and sees the future. For a while many questioned what Radian 6 + Buddy Media would really get them but with Datorama and Sequence it is clear that they are going after all of the major CMO categories. Finally, we do know that the company has a history of going deep in each category so there is a chance that they pick

up more businesses around *Content Management* and maybe *Campaign Management / Email Marketing* rather than *Marketing Automation* given the already great product they have in Pardot.

That's it for Salesforce.  Tomorrow we will move on to Oracle.

**Rise Of The Digital Marketing Suite – Part III (Deep Dive: Oracle)**

In Part II of our series on the rise of the digital marketing suite we laid the groundwork for who is currently operating in the space today and selling into the CMO suite.  The market has grown substantially in just the past 5 years and today calls big players like Oracle, IBM, Microsoft, Adobe and Salesforce the category leaders.  For Part III on the landscape we continue to understand "how did all of these players get to where they are today, what are their strengths and weaknesses, and where are they going?"

We will again deviate a bit from the normal buckets here and focus instead on each of these 5 main players and their businesses while coming back to our buckets from time to time.

Last week we covered Adobe Systems and Salesforce.  Today we look at Oracle.

**History** - Since around 2010, Oracle has mainly acquired companies to get into this space. They are the most prolific of the 5 majors from a number of acquisitions standpoint having bought 12 companies at roughly 4.0-16.3x revenues for over $7.55B. They have only built 1 product internally since they first entered the space. Important to note that while Oracle started very early from an M&A standpoint they really did not conceive the idea of a true marketing cloud until 2013 like Salesforce. That said, their strategy can be considered a bit of "accidental genius" in that pretty much every acquisition they did was to build upon the core Siebel CRM product and drill down into what they called "industry specific enterprise applications" and a "customer experience cloud." It just so happened that these applications involved buying what their customers wanted like an eCommerce platform, a CMS, social tools, and other value added services on top of the CRM. Step back today and a lot of these tools look good to a CMO.

Anyways, starting with the *eCommerce* category in November 2010 Oracle acquired Art Technology Group ($881M EV / 4.5x LTM Revs) or "ATG" as it more commonly known to really drill into the commerce vertical. They had success on the CRM side already with retailers and this was a logical next step to further their interests. In July 2011 they bought Fatwire Software ($160M EV / 4.0x LTM Revs) to again build off of the core CRM and into *Content Management*. Shortly thereafter in October 2011 Oracle made a huge bet in *Analytics*, acquiring Endeca ($1.1B EV / 8.6x LTM Revs) which today makes up a huge piece of the Oracle Business Intelligence Enterprise Edition (OBI EE) and was a bolt on acquisition to build off of Oracle's existing BI tools. Not to be trumped, the company again made a huge purchase in October 2011 buying RightNow Technologies ($1.4B EV / 6.6x LTM Revs) to get into the *Social* space. In May 2012 they made their second purchase in *Social*, buying Vitrue ($325M EV / 16.3x LTM Revs) for their highest comp ever paid. Then in December 2012, the company acquired Eloqua ($871M EV / 9.7x LTM Revs) to build into the *Marketing Automation* space. With RightNow, Vitrue, and Eloqua on board this was the first time in the press that you saw Oracle talk about the CMO and a heightened awareness to the marketer. As a result by Q2 2013 after these acquisitions had closed you started to see the transformation to today's "Oracle Social Cloud" and "Oracle Eloqua Marketing Cloud" from what used to be "Collaboration, Marketing, Selling." Note that Oracle still does not have a unified sale to a CMO and it is still broken up within a few areas of their Business Solutions group. Following the public appearance of their interest in the CMO though, Oracle made its largest acquisition to date buying Responsys ($1.6B EV / 8.2x LTM Revs) to get into the *Campaign Management / Email Marketing* space. They then drilled further into the *Marketing Automation* space by acquiring BlueKai ($400M EV / 6.3x LTM Revs). Later in August 2015, Oracle acquired Maxymiser (for an undisclosed amount). In April of 2017, Oracle went big and acquired Moat for a total of $850M. This was their 2nd largest acquisition in the marketing space. A year later, Oracle made its latest purchase, acquiring Grapeshot (for an undisclosed amount). More recently in 2018, the firm added two new products to their marketing analytics platform. In March 2017, Oracle purchased the Infinity platform assets from WebTrends and with that just recently released Oracle Infinity. Oracle Infinity is a data analytics platform for capturing, processing, storing and interrogating unlimited datasets for companies to get insights from customer data.  The other product, which is built in-house, was Oracle CX Audience, a solution for large-scale audience segmentation and audience analytics.

**Strengths / Weaknesses** - Oracle has one of the most comprehensive offerings out there today for the marketer and the sheer number of acquisitions in the space has allowed them to cover and go deep in pretty much all of our categories. Eloqua remains a market leader in the *Marketing Automation* space and the Oracle Business Analytics and Intelligence (OBI EE) suite only really goes head to head with Site Catalyst in the *Analytics* category. Vitrue continues to have a tight grip on the *Social* space although competition is increasing and there are a lot of strong products in that category. Some view a few "old and tired" names in their portfolio like RightNow in *Social*, Fatwire in *Content Management*, and ATG in *eCommerce* but these companies still have thousands of customers and solid growth numbers. Overall, Oracle still has a really strong end to end solution built from the CRM layer up that is tough to dispute right now.

**Go Forward** - Similar to Salesforce we know that Oracle is willing to buy assets to be competitive in the space and that they will pay up for whatever needs to fit their client needs. However, they are the farthest along and are probably not really in need of many solutions at this point. There is some logic to them doing a bit of an M&A refresh around *eCommerce*, *Social*, and *Content Management* but that seems like a wild card given they are not losing huge share these days. They face hard integration challenges with recent M&A and still don't sell a unified product to a CMO (yes they sell a "customer experience cloud" but that isn't really specific to a marketer) and we think that this will be the focus of the next few years for the company.

That's it for Oracle.  Next we will move on to IBM.

**Rise Of The Digital Marketing Suite – Part III (Deep Dive: IBM)**

In Part II of our series on the rise of the digital marketing suite we laid the groundwork for who is currently operating in the space today and selling into the CMO suite.  The market has grown substantially in just the past 5 years and today calls big players like Oracle, IBM, Microsoft, Adobe and Salesforce the category leaders.  For Part III on the landscape we continue to understand **"how did all of these players get to where they are today, what are their strengths and weaknesses, and where are they going?"**

We will again deviate a bit from the normal buckets here and focus instead on each of these 5 main players and their businesses while coming back to our buckets from time to time.

We have already covered Adobe Systems, Salesforce, and Oracle. Today we will move on to IBM.

**History** - If Adobe, Salesforce and Oracle predominately bought their way to the CMO in recent years, IBM has taken a much more internal build strategy to access marketing budgets. The company has built 5 products internally and only acquired 5 businesses for a little over $1B. They have spent the least of all of the big players by far and also were the first of them to actually formulate the ideas for a marketing solution starting in 2010. IBM took a similar approach to Oracle in that much of their early M&A around the marketer was to build off of a main product they have offered for over 10 years called WebSphere Commerce.

Starting around 2001 IBM (like Oracle) started out in the *eCommerce* vertical. Around this time, the company re-vamped their old Net.Commerce product to a re-named IBM WebSphere Commerce and started offering the core product on-premise to CTOs and CMOs mostly to bolt on customer data to the core infrastructure. It was their first foray into the marketing suite and was an internal project from the beginning as a way to capture more share in retail. They took about 9 years to move further and in June 2010 acquired Coremetrics (Undisclosed / Undisclosed) to get into the *Analytics* space. While the numbers have not been released we add Coremetrics here given the size was likely $100M+ and the company makes up a large portion of the analytics package that IBM offers today. Next in August 2010, the company made it's second acquisition buying Unica ($447M EV / 4.1x LTM Revs) to get into the *Marketing Automation* and *Campaign Management / Email Marketing* space as well as drill further into *eCommerce*. The product was a great addition on top of WebSphere Commerce and much of the talk around the transaction was drilling further into specific industries (again note the similar approach as Oracle) with Unica as an addition. With 4 of the 6 categories covered by the internal build of WebSphere Commerce and acqusitions of Coremetrics and Unica, IBM began to start talking about the importance of the marketer in late 2010. They were really the earliest to do this, it was just a bit opaque at this point. In 2011 IBM got into the *Content Management* space by going internal again, renaming their old Aptrix product to IBM Web Content Manager and talking a lot more about the focus of this product towards the marketer. With all of these solutions on board we start to see IBM crystallize their older 2010 thinking. By June 2011 they pull these 5 categories together into what they call "IBM Enterprise Marketing Management." This remains their core offering today and note that unlike Adobe, Salesforce or Oracle the company does not use "marketing cloud" in name and sales material and instead goes with this term as their equivalent. In May 2012 the company moved further into *Analytics* by acquiring Tealeaf ($500M EV / 10x LTM Revs) for the most amount and highest comp paid to date. Finally in late 2013 IBM launched their final two internal products, getting into the much needed *Social* space via a product called IBM Social Media Marketing Solutions and deeper into the *Analytics* space via a product called the IBM Digital Marketing Network. In August 2015, they released the IBM Marketing Cloud finally entering the cloud, which is now called IBM Watson Campaign Automation. IBM then acquired Resource/Ammirati (for an undisclosed amount) in January 2016. Shortly after in February 2016, IBM went and purchased ecx.io (for an undisclosed amount). In a news release, IBM stated that both of these moves were part of an initiative to enhance the design and experience prowess of IBM iX. These acquisitions joined IBM's e-commerce and content management platforms. Later in April 2017, IBM added their marketing prowess in the hands of Watson, releasing IBM Watson Marketing Insights. The product offers companies a more cognitive approach to customer analytics. With the purchase of

The Weather Company, IBM partnered with LiveRamp going deeper into the analytics category by releasing a product called the WeatherFX to their marketing cloud,

**Strengths / Weaknesses** - The theme of IBM in marketing has primarily been on-premise tools, things built internally, and an intense focus on commerce, though recently the have mainly been active via M&A. As a result, they have arguably the best solutions out there for a retail or commerce focused marketer. Coremetrics still outcompetes Site Catalyst and OBI EE in retail and is generally referred to as a strong product in the market. Unica also does extremely well in certain verticals and areas and the core IBM internal products (particularly WebSphere Commerce) do stand up on their own. They have, of all the big 5, the most integrated of product suites and have not historically faced the integration challenges given so much was built internally and on top of existing infrastructure. That said, Coremetrics has trouble outside of retail, Unica is a largely on-premise product and expensive, and the internal products that IBM offers are for lack of a better word aging. In a world where the move to cloud infrastructure is so important IBM recently moved to the cloud with IBM Watson Campaign Automation .

**Go Forward** - IBM has largely missed out on the cloud revolution in marketing and still views their CMO access points primarily through the lens of their on-premise Smarter Commerce initiatives that they drive. That feels like a difficult spot to be in especially when their core offering of WebSphere Commerce isn't particularly relevant to old school or next generation commerce marketers who are moving more to the cloud. As a result, we see the story ending one of two ways here for IBM.  The company has not historically been very acquisitive so there is the possibility of submitting defeat (in a theoretical sense) in marketing to Adobe, Salesforce and Oracle. They could really try to focus on their commerce segments and keeping those customers for as long as possible. The other approach would be IBM going "cloud shopping" and doing what Adobe, Salesforce, and Oracle did from 2010 until today. They would be behind on the racetrack but the market is still large enough for the taking. The former feels more realistic to us given their approach to date (with all the M&A in recent years they stayed out of the game) but we wouldn't rule out anything with the current leadership and interest in the space.

That's it for IBM.  Next we will move on to the final company, Microsoft.

**Rise Of The Digital Marketing Suite – Part III (Deep Dive: Microsoft)**

In Part II of our series on the rise of the digital marketing suite we laid the groundwork for who is currently operating in the space today and selling into the CMO suite.  The market has grown substantially in just the past 5 years and today calls big players like Oracle, IBM, Microsoft, Adobe and Salesforce the category leaders. For Part III on the landscape we continue to understand **"how did all of these players get to where they are today, what are their strengths and weaknesses, and where are they going?"**

We will again deviate a bit from the normal buckets here and focus instead on each of these 5 main players and their businesses while coming back to our buckets from time to time.

We have already covered Adobe Systems, Salesforce, Oracle, and IBM.  Today we will discuss Microsoft.

**History** - Of the big 5, Microsoft has actually taken the most balanced approach to accessing CMO spend, acquiring 3 companies and building 2 businesses internally.  They are, however, the most prolific of the 5 majors from a dollars spent and market comparables standpoint buying those 3 companies for a combined $7B+ at a range of 11.7-60x LTM Revenues. Microsoft's true beginnings in the space go back to 2007 when the company made a huge bet in *Analytics*, acquiring aQuantive ($6B EV / 11.7x LTM Revs) to build a complete end to end solution on the advertising side. While we don't need to get into the details of the "2007 ad serving wars" or the fact that this acquisition has largely been written down, this was Microsoft's first foray into accessing CMO spend and it made sense at the time. They waited 3 years to grow further into the space and in April 2010 went internal for the first time, launching the 2010 version of Sharepoint which had much deeper support for the CMO. This gave them a great internal tool to access the *Content Management* category of CMO spend. Although the product dates back to 2001 it really was not until the 2010 version that you start to see them talk about the focus on the marketer with the product. Next in December 2010 Microsoft went internal for the second time, refreshing their Microsoft Dynamics product to include much more rules based marketing and campaigning components. This gave them access to the *Marketing Automation* category for the first time and again while the product dates back to 2003, Dynamics 2011 was really the first build that included marketing automation tools. Next in July 2012 Microsoft moved into the *Social* bucket, acquiring Yammer ($1.2B EV / 60x LTM Revs) to help organizations manage and measure marketing activities. Finally in October 2012 via it's acquisition of MarketingPilot (Undisclosed / Undisclosed) Microsoft got into the *Campaign Management / Email Marketing* space. While undisclosed and small, we include this acquisition as it does represent a standalone bet in a specific category and does make up a part of their marketing suite. While they have always hinted at the importance of the CMO, it wasn't until December 2013 that you started to see the efforts crystallize in a campaign they call "Reimagining Marketing" within the Enterprise division. We note that unlike their competitors they still to this day don't really talk about a fully integrated solution in the market or label their product specific to a "marketing cloud" concept. In sum, the story is short and sweet with Microsoft in the space.

**Strengths / Weaknesses** - Like IBM, Microsoft is only recently really moving away from client/server based products towards the cloud. This has hurt them a bit in the space, but the scale of products like Dynamics, Sharepoint and Yammer should not be overlooked. Roughly 78% of the F500 continue to use Sharepoint and Dynamics still has 40,000+ customers and a huge stronghold on many market segments like hospitality and retail. They are good products for a marketer and still remain a trusted resource for many large companies. Yammer continues to grow from within and like Buddy Media (Salesforce) can be viewed as a strong success story within each company's efforts to build a marketing suite. On the downside though, Microsoft still has a gaping hole in the *eCommerce* category and the aQuantive write down did not help the company at all in the *Analytics* segment. They now lack a strong product in that area and with many of their larger competitors continuing to drill down deeper it seems tough to recover at this point. Overall Microsoft continues to have strong products in several core areas but is noticeably lacking in others.

**Go Forward** - Unlike the other 4 players, Microsoft is a bit of an oddball in the space today. They don't seem to want to build off of their existing tools via M&A like Oracle and IBM and instead make small incremental changes to core products like Dynamics and Sharepoint to access the marketer. In addition, they still don't 100% embrace the marketing suite and do not offer a unified solution as far as we can tell. The closest they have to a solution is their just recently released Dynamics 365 for Marketing. However, even they admitted their product is not for companies that need a larger marketing solution instead offering the Adobe Marketing Cloud thanks to their strategic partnership with Adobe. That said if they did move forward and go deeper in the marketing space we believe that *eCommerce*, *Campaign Management / Email Marketing* and *Content Management* are the likely places they would start. They have a hole in commerce and the other two categories are largely dated tools for the company. Finally, the aQuantive deal badly burned Microsoft and we haven't seen them acquire anything in the *Analytics* area or any area in general for some time.

That's it for Microsoft and the big 5 players in the space but as we know this doesn't represent the entire picture.  Some standalone companies are better at certain things than even the big 5. As a result, next up we will move on to Part IV and walk through some of the larger independent companies in each category.

**Rise Of The Digital Marketing Suite – Part IV (The Independents: Analytics)**

In Part I of our series on the rise of the digital marketing suite we laid the foundation for the categories that the CMO buys within.  For Part II we moved on to talk about the broad landscape of who is currently operating in the space today and selling into the CMO suite.  In Part III we continued to understand how all the major players got to where they are covering the largest players in the space like Adobe Systems, Salesforce, Oracle, IBM and Microsoft.  As we know that is not the full picture of who is operating in the space so for Part IV we will move outside of the Big 5 to see **"who are the major independent companies that are talking to CMOs?"**  We will follow our categories and begin with analytics going from the earliest market leader in the space to today.

This category is arguably the oldest out there, beginning with SAS Institute's entry into the market around 1976. While we don't hear a ton about them today, the company still sells well into the CMO for highly custom and focused analytics work and boasts over 60,000 customers worldwide and 70%+ of the F500. The company is an unbelievable start-up story, never raising venture capital and staying profitable for over 35 years.

In 1993, Webtrends launched with their Webtrends Analytics product which has lost share in recent years but still has over 10,000 CMO customers.

In 1995, 24/7 Media (WPP) launched into the market to target the CMO with a multitude of solutions including analytics and the company was later acquired by WPP in 2007 ($649M EV / 3.0x LTM Revs) and still operates in the market today through many of their brands and agencies.

In 1998 Aprimo launched their product to market and has historically worked through resellers including folks like Microsoft, Salesforce and Adobe on the CMO side. They offer a multitude of tools and could be in a number of our categories but have probably their biggest product in analytics. The company was acquired by Teradata in 2011 ($500M EV / 7.4x LTM Revs).

Also in 1998, KXEN launched to the market which continues to have a strong customer list in predictive analytics and in 2013 was acquired by SAP ($40M EV / 3.3x LTM Revs).

The only independent public company focused on analytics, comScore, followed in 1999 with their launch and today offer analytics tools from their core product as well as products from their 2009 acquisition of Certifica and 2011 acquisition of AdXpose ($22M EV / 7.1 LTM Revs).

We see a lull in the market until 2005 when Google acquires Urchin and Adaptive Path to build out what we know today as Google Analytics. The product is arguably the largest in the market from a customer and revenue standpoint.

Also in 2005, Aster Data Systems launched its analytics package on top of its database management system and in 2011 the company was picked up by Teradata ($295M EV / Undisclosed). The company still has some strong marquee clients and is well known around the big data layer of marketing analytics.

In 2007 Nielsen entered the market via it's Nielsen Online product which combined internal tools with prior acquisitions in 2007 of Buzzmetrics and NetRatings. The company has one of the largest product suites around analytics out there and given the Nielsen broader vision remains a major player in the market.

In 2011, Bizible launched their marketing analytics product, focusing on the marketing performance and management space. The company was later acquired by Marketo in 2018, adding to their customer engagement platform. Bizible continues to have a great customer list.

In 2011 and 2012 we see Yahoo! enter the market via it's acquisition of interclick ($265M EV / 2.2x LTM Revs) and Infor enter the space via it's acquisition of Orbis Global and merging of the original e.piphany product into what they today call the Infor Epiphany Enterprise Suite.

Finally, in 2012 Looker entered the market offering business intelligence and big data analytics. Looker works with over 1600 companies, including a good amount from the Fortune 500.

We admit there are more companies in the space on the independent side but these represent the largest today in our opinion.  If you have any additions let us know and next up we will move on to Content Management and take a look at the large independent vendors in that category.

**Rise Of The Digital Marketing Suite – Part IV (The Independents: Content Management)**

In Part I of our series on the rise of the digital marketing suite we laid the foundation for the categories that the CMO buys within.  For Part II we moved on to talk about the broad landscape of who is currently operating in the space today and selling into the CMO suite.  In Part III we continued to understand how all the major players got to where they are covering the largest players in the space like Adobe Systems, Salesforce, Oracle, IBM and Microsoft.  As we know that is not the full picture of who is operating in the space so for Part IV we will move outside of the Big 5 to see **"who are the major independent companies that are talking to CMOs?**"  We will follow our categories and cover the content management players going from the earliest market leader in the space to today.

The space overall does not date back as far as the Analytics category but does have it's roots beginning around 1995 and 1996 with the launch of 2 core companies that still today have strong market share.

In 1995 we see the launch of Vignette which was one of the earliest commercial CMS products in market. The company was acquired by Open Text in 2009 ($310M EV / Undisclosed) and has lost market share recently but still has some strong presence in a number of industries.

In 1996 Core Media goes live which still commands presences in a number of categories like government, media and telecom. The company has "bolted on" well to other core solutions from IBM and SAP and sells well into these categories as a result.

We have a lull in the action again like in the Analytics space for a few years and then in 1999 Blogger launches to the world. The company was acquired later in 2009 by Google for an undisclosed sum and remains widely used and the pioneer within the blogger community.

In 2003 Wordpress launched to the public and the business continues to be the largest company from a market share standpoint in this space today at over 60 million websites under management.

Following, in 2005 we begin to see many open source frameworks emerge in the content management space that ultimately have become large companies. Many of the original engineers from Documentum and Oracle started Alfresco in this year and also Joomla! launched to the public which remains the second most used CMS out there today.

In 2007 the CMS space saw the launch of the last large player in Acquia. The company has over 4,000 enterprise customers and continues to do well in the open source community.

As you can see, the CMS space like Analytics still has a fair amount of large independent vendors out there and unlike the Analytics category there has been limited M&A within this space. We still admit there are more companies in the space on the independent side but these represent the largest today in our opinion.  If you have any additions let us know and next up we will move on to Social and take a look at the large independent vendors in that category.

**Rise Of The Digital Marketing Suite – Part IV (The Independents: Social)**

In Part I of our series on the rise of the digital marketing suite we laid the foundation for the categories that the CMO buys within.  For Part II we moved on to talk about the broad landscape of who is currently operating in the space today and selling into the CMO suite.  In Part III we continued to understand how all the major players got to where they are covering the largest players in the space like Adobe Systems, Salesforce, Oracle, IBM and Microsoft.  As we know that is not the full picture of who is operating in the space so for Part IV we will move outside of the Big 5 to see **"who are the major independent companies that are talking to CMOs?"**  We will follow our categories and cover the earliest market leader in the social space up to where we are at today.

Naturally the social space has not been around for a significant period of time and the category is the youngest of all of the areas that we categorize. In addition, it is one of the only categories where the Big 5 have gobbled up most of the independents like Radian 6, Buddy Media and Vitrue, leaving a fairly large vacuum for large independents. Finally, we know the space is enormous with a ton of companies operating in it and seek here to only point out the largest independent ones by customers and revenue.

In 2001 the category really starts to take shape as more and more channels come online. and we see Lithium Technologies launch this year. The company still has a fair stronghold in the large enterprise space with clients like HP, Best Buy and Sony using it's social customer experience management tools.

In 2005, Visible Technologies goes live with their "visible intelligence" tool that continues to also have a sizable presence within large enterprises like Office Depot, DIRECTV, American Express and FedEx. The company does well at the agency level as well having some strategic investment from WPP and strong relationships with GroupM, Wunderman, Razorfish and DDB.

In 2008 we see the launch of Wildfire Interactive which continues to be one of the largest players - if not the largest - in the space. While not technically an independent any more the company commands over 21,000 customers and 30 of the top 50 brands and was acquired by Google in 2012 ($350M EV / 7.8x LTM Revs).

Finally, in 2010 Buffer launched their social media management platform. The company currently has over 4 million customers and continues to be a leader in the Social Category.

As we can see the larger players are few and far between in the Social category that remain independent or not within the Big 5. While there are a number of companies that are competing for SMB business as well as creeping into the $50-$75M revenue range we believe they are still a bit behind these three larger players. We continue to admit there are more companies in the space on the independent side but these represent the largest today in our opinion.  If you have any additions let us know and next up we will move on to Marketing Automation and take a look at the large independent vendors in that category.

**Rise Of The Digital Marketing Suite – Part IV (The Independents: eCommerce)**

In Part I of our series on the rise of the digital marketing suite we laid the foundation for the categories that the CMO buys within.  For Part II we moved on to talk about the broad landscape of who is currently operating in the space today and selling into the CMO suite.  In Part III we continued to understand how all the major players got to where they are covering the largest players in the space like Adobe Systems, Salesforce, Oracle, IBM and Microsoft.  As we know that is not the full picture of who is operating in the space so for Part IV we will move outside of the Big 5 to see **"who are the major independent companies that are talking to CMOs?"**  We will follow our categories and cover the earliest market leader in the eCommerce space up to where we are at today.

Of all the categories that we cover, eCommerce contains the fewest significant independent players than the other categories. The M&A side has also been non-existant by the big guys, with Oracle the only player of the big 5 to buy a B2C commerce suite in the space (ATG). While IBM has a huge business in their WebSphere Commerce product this segment still is largely left alone by the large players that own the CMO landscape.

The story really begins on the independent side in 1994 with the launch of Digital River. The business has lost share in recent years with the growth of the big 4 in this category (IBM, Oracle, Demandware, Hybris) but still has a strong presence in consumer electronics, software, and manufacturing and boasts over 200,000 customers including Skullcandy, Jawbone, Ticketmaster and many of the large PC vendors. The business remains a public independent company.

In 1997, we see the emergence of Hybris which continues to provide strong tools around content/catalog management, enterprise integration and globalization/internationalization. The business remains in the top 4 in terms of revenue and market share and has several huge companies on the platform including Toys-R-Us, Levi's, Nikon and P&G. The company was acquired by SAP in June 2013 ($1.3B EV / 10.7 LTM Revs).

In 2004, Demandware launched to the public as one of the first SaaS B2C eCommerce suites in market. With a high degree of flexibility, differentiation and pricing elasticity the company grew quickly and today is arguably the only SaaS player focused on this vertical. The company, like Digital River, remains one of the only public independent companies in the space.

Finally, in 2009 we saw the launch of Ecwid. They continue to be one of the leaders in the ecommerce space.

That's really it from an independent company standpoint for the eCommerce category although we would note that eBay Enterprise, through it's acquisitions of GSI Commerce, Intershop and Magento, could be considered a larger player within this category. We don't include MICROS Retail and RedPrairie given their standing in the market and focus. That is it for eCommerce, next we will move on to Campaign Management / Email Marketing.

**Rise Of The Digital Marketing Suite – Part IV (The Independents: Campaign Management / Email Marketing)**

In Part I of our series on the rise of the digital marketing suite we laid the foundation for the categories that the CMO buys within.  For Part II we moved on to talk about the broad landscape of who is currently operating in the space today and selling into the CMO suite.  In Part III we continued to understand how all the major players got to where they are covering the largest players in the space like Adobe Systems, Salesforce, Oracle, IBM and Microsoft.  As we know that is not the full picture of who is operating in the space so for Part IV we will move outside of the Big 5 to see **"who are the major independent companies that are talking to CMOs?"**  We will follow our categories and cover the earliest market leader in the Campaign Management / Email Marketing space up to where we are at today.

 Arguably one of the oldest categories in existence with the greatest diversity, the Campaign Management / Email Marketing space has roots going all the way back to the 1960s. The space is littered with large independents accessing every area of spend from the F50 CMO all the way down to the SMB marketer.

We begin in 1969 with the start of a company called Fraternal Systems. During this year 4 Harvard University fraternity students created one of the first databases to store their member contact information. They built a business off of this model, doing the same for many non-profits to help with their fundraising databases. By 1975-1976 the firm had started to win for-profit customers and rebranded to Epsilon. They have had a storied history in the space and spent over $2B to become what is today considered one of the market leaders in campaign management. After a stint in the public market the business was acquired by American Express and then Alliance Data ($314M EV / 2.5x LTM Revs) where it remains today. Epsilon primarily targets the F500 and has a large following in big brands like P&G, Ford, Best Buy and Fed Ex.

In 1995 we see a next generation of category entrants come to market and this is really where the main activity begins in the space as the initial group of marketers come online. Yesmail Interactive launched in 1995 and continues to target large enterprises with it's email and social marketing platforms. They also had a brief stint in the public market before being acquired by infoUSA in 2003 (Undisclosed / Undisclosed).

Also in 1995 we see the emergence of the first freemium model targeting the SMB customer in Constant Contact. With over 500,000 customers they remain one of the only public players in the space and arguably one of the two most dominant players in the SMB vertical.

In 1998 Cheetah Mail launched to the market focused on the middle and F500 segment. The company still remains a strong player in the space with many large customers including Sears, KLM, Discovery and Wyndham Hotels. The business was acquired in 2004 by Experian (Undisclosed / Undisclosed) and remains a large piece of business for them.

Following, in 1999 we see the launch of Email Vision which later re-branded as Smart Focus. The company was one of the first international players in market and built a very strong presence in the UK and Germany. They continue to be well regarded and likely the largest international player that remains independent.

There is a lull in activity for a number of years and then in 2001 we see the launch of another SMB focused player called Mailchimp. The company quickly became a household name in the SMB space with a better UI and more functionality than Constant Contact. Today the business has over 200,000 customers on the platform and while not public is likely as large as Constant Contact. We note that they are the only player in the category to have never taken any outside funding and are a great story for any entrepreneur in building a billion-dollar business completely bootstrapped.

Also in 2001 Vertical Response launched to the market to go after SMBs. The business continues to offer a freemium product in market and was acquired by Deluxe Corporation ($27M / 1.1x LTM Revs) in 2013.

In 2002 StrongMail Systems came to market to bring a different approach to the F500. They recently rebranded as StrongView and continue to hold court with many large global brands including Netflix, Guess, IHG and others.

In 2003 we saw the launch of iContact and eDialog. iContact aimed to focus on the SMB with Constant Contact and Mailchimp and competed heavily on price and volume. After strong growth the business was acquired by Vocus ($169M EV / 3.5x LTV Revs) and continues to be a good choice for many SMBs. eDialog launched as well in 2003 in Austria and remained one of the only independent international players in the market outside of Smart Focus until it's acquisition by GSI Commerce (Undisclosed / Undisclosed) in 2008. The company is now a part of eBay Enterprise given the GSI acquisition by eBay.

The story ends in 2009 with the launch of SendGrid. Going public just recently in 2017, they continue to grow as one of the bigger players in the space.  In 2017, the company stated that they are processing around 36 billion emails per year.

As we can see the space is littered with a ton of M&A, industry consolidation, and multiple independent players at all levels. Most companies that have operated in the space have either taken a proactive approach and moved outside of email to offer a broader suite of services to the marketer (i.e. the marketing cloud) or doubled down on email and tried to become best of breed players in certain sectors or price points. Even still, there are many new entrants in all areas of the Campaign Management / Email Marketing segment and many new companies continue to grow as the next generation of this category. That is it for the Campaign Management / Email Marketing category and next we will move on to our last component of Part IV, Marketing Automation.

**Rise Of The Digital Marketing Suite – Part IV (The Independents: Marketing Automation)**

In Part I of our series on the rise of the digital marketing suite we laid the foundation for the categories that the CMO buys within.  For Part II we moved on to talk about the broad landscape of who is currently operating in the space today and selling into the CMO suite.  In Part III we continued to understand how all the major players got to where they are covering the largest players in the space like Adobe Systems, Salesforce, Oracle, IBM and Microsoft.  As we know that is not the full picture of who is operating in the space so for Part IV we will move outside of the Big 5 to see **"who are the major independent companies that are talking to CMOs?"**  We will follow our categories and cover the earliest market leader in the Marketing Automation (including SEM) category up to where we are at today. Note that this list is not exhaustive and especially given the SEM piece is so vast I am only going to include a smattering of the larger players in the space.

We begin in 1996 on the marketing automation side with the launch of DoubleClick and their DART product. One of the first in market, DART automated the administration effort in the ad buying cycle for advertisers and the management of ad inventory for publishers. The company went public, was then acquired by a PE firm, and then sold to Google in 2007. We note that they do have an SEM piece in Performics, a business they acquired in 2004. They remain one of the OGs in the space and still control a fair share of the market.

Outside of the "ad server wars" from 1996 to 2003, the action resumes around 2004 when SearchForce launches. The business focused primarily on the PPC/search marketing side and continues to have a large footing in the enterprise with clients like Progressive, Experian, and Deutsch. The business remains private today and has moved into a broader suite of tools around business intelligence and analytics for marketers and their media budgets.

IgnitionOne also launched to the market in 2004 as SearchIgnite. The company was acquired by Dentsu in 2010 and following limited success within the agency the founders split from Dentsu in an MBO in 2013. The business is one of the larger players in the space powering more than $30 billion in revenue each year for brands like General Motors, CenturyLink, Bridgestone, La Quinta and Fiat, as well as advertising agencies such as 360i, GroupM and iProspect.

In 2005 we see the launch of Criteo, one of the early international successes in the space having gone public last year. The team spent 4 years building internally before launching their product in 2008 and while they call themselves a "personalized retargeting company" they have a host of products including a piece focused on SEM.

In January 2006 we get another international launch in Kenshoo, a company based in Tel Aviv with strong presence around the globe today. Over $200B runs through the Kenshoo system and clients like Kayak, Barnes & Noble, and Career Builder continue to serve as strong signals of their success. The business remains private and is again one of the larger international players in the space like Criteo.

Also in January 2006 Marketo launches. Founded by former Epiphany executives, their aim was to take their experience in building products for marketing professionals and create a product that had an impact on revenue performance to speed business growth. In it's current form the product represented a noticeable shift in the market as Marketo focused on selling marketing automation tooling in a SaaS way rather than getting involved in the media side. The company is public today with over 2,300 customers and largely in control of the high ASP side of marketing automation.

In April 2006 Marin Software launches, building one of the earliest search advertising management systems out there (primarily for larger advertisers). Similar to Marketo the company has over 2,000 customers, a deep background in retail/commerce with clients like Macy's, J Crew, Salesforce, and is public.

We end the story with Hubspot launching to the market in June 2006 and like Marketo focused on selling IT to marketers focused on the lead, sales, and revenue side. They chose a different strategy all together from a customer acquisition standpoint from Marketo and as a result dominate the low to medium ASP markets for marketing automation.  With over 8,500 core customers and $70MM in annual revenue the business is likely to go public in the next few quarters.

Again we didn't cover every name here and one needs only to look at the LUMAscape to see how many businesses there are alone in the marketing automation segment. That is it for the Marketing Automation (including SEM) category and Part IV as a whole. Next we will recap these sections and cover our POV on the overall market and where it is going to close out the series.

**Rise Of The Digital Marketing Suite - Part V (Lessons Learned & The End)**

We have rounded the final corner and are nearing the finish! In Part I of our series on the rise of the digital marketing suite we laid the foundation for the categories that the CMO buys within.  For Part II we moved on to talk about the broad landscape of who is currently operating in the space today and selling into the CMO suite.  In Part III we continued to understand how all the major players got to where they are, covering the largest players in the space like Adobe Systems, Salesforce, Oracle, IBM and Microsoft.  As we know that is not the full picture of who is operating in the space so for Part IV we moved outside of the Big 5 to see who the major independent companies are that talk to CMOs.  As we conclude this series there were a few interesting points to take away and learn throughout the history of the CMO buying IT.  As a start-up operating in the space these are good things to think about.

**Buying Isn't As Hard As Integrating -** Throughout the history of M&A in the space the largest problems end up coming from the vacuum created with incoming sales teams having to sell a broader suite of marketing products.  We don't think this go-around is going to be much different and there is an enormous opportunity for start-ups to step in as the big companies like Salesforce, Oracle, etc deal with integrating solutions and selling a more unified suite of services (versus the singular product that sales person used to sell).

**Building a Standalone Company Is Near Impossible -** In our research we could only find roughly 5-8 companies that remain standalone businesses and operating in the market today.  Sure we probably missed some, but the scale necessary to achieve this is incredibly difficult.  While fairly obvious. we also noticed that to really grow quickly you ultimately need an outside source of financing (i.e. a VC) or a really long time.  There are only two companies in the space that have been bootstrapped from the beginning, never taking on any outside financing: SAS Institute and Mailchimp.  Ultimately we're not sure exactly why this happens but you don't tend to see a lot of businesses in the CMO IT category that are able to really stay independent and/or private forever.

**This Space Is Not A Zero Sum Game -** In looking at any of the data in Part IV one can easily see that these spaces are huge and able to withstand multiple competitors operating with significant businesses.  As start-ups think about entering the space we wouldn't encourage them to believe that every segment within these sector is completely crowded out.  There are tons of examples of companies building huge scale not being the first to market and with more and more white-space opening up all the time there are more than enough opportunities out there.

**M&A Tells Two Distinct Stories -** If you look at the M&A in space thus-far from the Big 5 you will notice one thing.  Most of the Big 5 have done a fair amount of M&A and the individual visions of the "Marketing Cloud" have already started to play out.  From our research, we can't find any compelling reason that other than a few pockets where they lack serious presence (eCommerce for one) the M&A cycle will continue at the pace it did.  That said, we have seen a number of emerging start-up companies completely dominate in new spaces like predictive analytics, content marketing, mobile, video, and other areas where we envision another cycle not too far off from this one.

That's it for our Rise Of The Digital Marketing Suite series.  We hope you enjoyed reading and will be following up with a full pdf of the entire series tomorrow here on our blog.

**Rise Of The Digital Marketing Suite – 2015 Market Update**

In Q2 2014 Bowery Capital came up with a series of articles on the 'Rise of the Digital Marketing Suite'. We divided the digital marketing sector into six key categories, created the market landscape and conducted deep-dives on big players as well as independent companies. To serve as a refresher, we provide below an update about the key companies that were acquired or went public since our last report. As many folks who read our initial report on digital marketing will remember we provided everyone with a nice public google spreadsheet called Market Comparables which we are also updating and adding here.

On the acquisition front, Oracle continued its trend of inorganic growth to build presence in the space by acquiring Datalogix. Oracle, which has previously bought 8 companies at roughly 4.0-16.3x revenues for a total of $6.7B, paid $1.1B at 9.2x revenues for Datalogix. Datalogix aggregates and provides insights on over $2 trillion in consumer spending and sits in the Marketing Automation + SEM space of our analysis. Datalogix complements Oracle's acquisition of Bluekai last year and enhances Oracle's new data cloud offering. With 9 acquisitions under their belt in the space this move is likely to heat up the marketing cloud segment and pose a challenge to both Adobe and Salesforce. Among our other top 5 players, Salesforce acquired RelateIQ ($390M EV, ~80x Revs). RelateIQ leverages data science and machine learning to create a relationship intelligence platform and sits in the Analytics piece of our categories. The deal serves a dual purpose for Salesforce – first strengthening their customer data analytics capabilities and second preempting a future competitor in the CRM space. Outside of the top 5 players there were some other acquisitions that were worth noting in our update. Rocket Fuel, a provider of artificial intelligence advertising solutions, acquired [x+1] ($230M EV, 2.6x Revs) for its data management platform. In addition, Axciom acquired LiveRamp ($310M EV, 12.4x Revs) which also operates in the same space as Datalogix and [x+1] so we add all 3 to our Marketing Automation + SEM category. Amoebee, a subsidiary of Singtel, acquired advertising company Adconion ($235M EV, 1.3x Revs) and content marketing start-up Kontera ($150M EV, 5.8x Rev) to enhance its digital marketing solutions and strengthen leadership in the ad tech space. Both companies sit in the Analytics category. Finally, we note that LinkedIn's acquisition of Bizo ($175M EV, 4.4x Revs) should bring about some interesting new thinking also to the Analytics category and IBM's acquisition of Silverpop ($275M EV, 3.5x Revs) and GoDaddy's acquisition of MadMimi ($42M EV, 8.4x Revs) represent two of the last remaining email marketing companies in the Campaign Management digital marketing category

On the public company front in digital marketing, Hubspot went public in Oct 2014 by raising $125M through the IPO and currently carries a market cap of around $1.3B. Since its IPO, the SaaS based marketing automation company has exceeded analyst expectations and achieved 53% revenue growth and 35% customer growth in Q4 2014. While there were no other IPO updates to our report, we believe that the digital marketing space is also likely to see a lot of IPO activity throughout the remainder of 2015. MaxPoint Interactive is the first one to follow Hubspot as it has already set terms for a $75M IPO this month. Yodle, AdSame, and Act-On have talked about their plans about going public in 2015 and we expect them to follow MaxPoint Interactive into the big show. Apart from the above, recent large rounds of funding raised by AppNexus, Sprinklr, and Tealium suggest that IPOs for these companies are potentially around the corner as well.

In the next blog post, we'll cover updates about the changes to the digital marketing offerings of the top 5 players in this space.

**Rise Of The Digital Marketing Suite – 2015 Key Product Updates**

As a refresher to our Q2 2014 digital marketing series titled 'Rise of the Digital Marketing Suite', we talked recently in a previous post about the overall market updates and laid out the key M&A events, IPOs, S-1 filings, and late stage financings. In this post, we provide below some updates about the digital marketing products of the large key players Adobe, Salesforce, Oracle, IBM, and Microsoft.

Since our last update Salesforce launched its first cloud analytics platform called Wave at their Dreamforce Conference last year. Wave, Salesforce's sixth cloud platform, strengthens the company's analytics capability and provides a lot more muscle on the BI and data intelligence side for the company to build on it's digital marketing suite. More recently, Salesforce Wave made the move to mobile with three products: Mobile Connector, Dashboard Designer and Links to further broader it's suite in digital marketing. We view this as a natural evolution with the product and even this week saw Salesforce get involved in the Apple iWatch announcement by showcasing how they would couple Salesforce.com with the watch to enhance a sellers capabilities.

Outside of Salesforce, Microsoft expanded its strategic partnership with Salesforce with the aim to connect the Salesforce CRM apps with Office and Windows products. As Microsoft targets Salesforce with recent price cuts on its online CRM bundle, the long-term viability of the partnership between the two marketing cloud rivals remains to be seen.

Beyond Salesforce and Microsoft, Adobe launched several new data-driven marketing capabilities across mobile devices which further enhances its position as a leader in the digital marketing arena. Among other mobile offerings, their Intelligent Location Marketing feature allows marketers to engage users through location-based messages. Adobe plans to leverage location based marketing to increase engagement on its platform and maintain its lead in the marketing automation segment of the digital marketing suite.

While Salesforce, Adobe, and Microsoft updated product offerings and launched new initiatives we did not notice much out of Oracle or IBM by way of new product updates or feature additions.

Worth noting and beyond our Big 5 analysis, we are beginning to see SAP take a more proactive approach in the market that has been a recent change. Generally speaking SAP chose to partner in the digital marketing space however is now getting more aggressive about building their own capabilities internally. Since our last update, SAP's Hybris released a new marketing suite that enables real-time contextual marketing and further enhances their product offering. The new marketing cloud pits SAP against the Big 5 especially industry leaders Adobe and Salesforce. Furthermore, SAP has expanded its partner network by allowing independent software vendors to build extensions on its solution which seems to mimic the Force.com framework and app store approach. While it remains to be seen what the progress is here we note that the company has finally decided to dive into the space.

**Rise of the Digital Marketing Suite – 2018 Market Update**

In Q2 2014, Bowery Capital came up with a series of articles on the 'Rise of the Digital Marketing Suite'. We divided the digital marketing sector into six key categories, created the market landscape and conducted deep-dives on big players as well as independent companies. In 2015, we wrote two follow-up posts on the market and product updates in the digital marketing landscape.

To serve as a refresher, we provide below an update on the key companies that were acquired or went public since our last report.  As many folks who read our previous report on the 'Rise of the Digital Marketing Suite', we provided everyone with a public Google Spreadsheet called Market Comparables which we have updated and added here. Since our last edition of the Rise of the Digital Marketing Suite report, there have been quite a few updates from the big players.  We lay these out below.

**1. Oracle Continues Their Model Of Inorganic Growth**. In August 2015, Oracle acquired Maxymiser (for an undisclosed amount). In April of 2017, Oracle went big and acquired Moat for a total of $850M. This was their 2nd largest acquisition in the marketing space. A year later, Oracle made its latest purchase, acquiring Grapeshot (for an undisclosed amount). With these acquisitions, Oracle strengthened their analytics, content management, and social platforms remaining a large player in the space.

**2. Adobe Completes Their Digital Marketing Package**. Like Oracle, Adobe made three acquisitions in the digital marketing field. In May of 2016, Adobe acquired Livefyre (for an undisclosed amount). Then in April 2018, they acquired Uru (for an undisclosed amount). Their lastest acquisition to date was in May 2018, with the purchase of Magento Commerce for a total of $1.7B. This was huge as it gave Adobe its first product in the e-commerce category and officially completed their digital marketing package. With the other two acquisitions, Adobe added to their analytics and content management platforms.

**3. IBM Strays Away From Past Theme Of Building In-House Products**. IBM acquired Resource/Ammirati (for an undisclosed amount) in January 2016. Shortly after in February 2016, IBM went and purchased ecx.io (for an undisclosed amount). In a news release, IBM stated that both of these moves were part of an initiative to enhance the design and experience prowess of IBM iX. These acquisitions joined IBM's e-commerce and content management platforms.

**4. Salesforce Continues Tradition Of Going Deep In Each Category And Completes Solution**. In June of 2016, Salesforce acquired Demandware for a total of $2.8B. This was their largest acquisition in their marketing cloud to date and – like Adobe – their first product in the ecommerce category. This helped complete their solution. In January 2017, Salesforce acquired Sequence (for an undisclosed amount). The addition of Sequence competes with IBM's recent theme of adding design companies to their digital marketing suite. With Sequence, Salesforce currently has four products in their social category. Recently on July 16th Salesforce bought Datorama for $850 million adding to their marketing analytics category. This move was big for Salesforce as they had one of the weaker analytics category when compared to the top 5 players. This move would also make the 4th largest exit for an Israeli startup.

**5. Microsoft Makes No Acquisitions In Digital Marketing Space**. From this, it is appearing more and more likely that Microsoft will be out of the digital marketing space soon. For those who read our last report, you might remember that we mentioned Microsoft doesn't 100% embrace the marketing suite and are the only top 5 player that does not offer a unified solution.

**6. IPOs Headlined By Shopify, An Ecommerce Platform**. Since our last report, there have been six digital marketing companies that have gone public. We list them below, along with the

companies' date of IPO, amount raised through the IPO, and current market cap. First in May 2015, Shopify went public raising $151M through the IPO and are currently holding the largest market cap of the bunch at $15.2B. Next was Albert Technologies in June 2015. The AI marketing firm raised $42M through the IPO and their current market cap is at $39.5M. In 2016, ShareRoot, a social marketing company, went public raising an undisclosed amount and holding a current market cap of $7.4M. Towards the end of 2017, there were two IPOs in the space. First was SendGrid; the email marketing firm went public in November 2017, raising $131 through the IPO and holding the second highest market cap at $1.2B. Second was iClick Interactive – a marketing technology company based in China. They went public in December 2017, raising $30M through the IPO and currently have a market cap of $346M. The most recent was in February 2018 by the marketing analytics firm Cardlytics. They raised $70M through the IPO and currently hold a market cap of $416M. Cardlytics was also the first technology company to go public this year. There are no other updates, but we expect to see a few more IPOs in the digital marketing space in the near future.

In the next blog post, we'll cover updates about key product offerings from the digital marketing players since our last 'Rise Of The Digital Marketing Suite' report.

**Rise Of The Digital Marketing Suite – 2018 Key Product Updates**

As a refresher to our digital marketing series titled 'Rise of the Digital Marketing Suite', we recently posted a market update for the 2018 edition. We laid out key M&A events amongst the large key players Adobe, Salesforce, Oracle, IBM, and Microsoft. In this post, we provide some updates on the relevant new digital marketing products from our key players.

**1. Microsoft Partners with Adobe and Releases Organic Marketing Product in Dynamics 365.** In November 2017, Microsoft integrated Dynamics 365 with Adobe's Marketing Cloud's content management solution (Adobe Experience Manager). Microsoft stated that goal this integration was to offer companies the ability to transform how their sales and marketing organizations can collaborate and ultimately personalize brand experiences for their customers. At the time this was big as it was Dynamics 365 first marketing offering since its release in 2016. However, this past spring, Microsoft finally released their own marketing product: Dynamics 365 for Marketing. The new product offers various solutions ranging from running multichannel marketing campaigns to tracking and improving marketing performance. In a press release, Microsoft mentioned that they are committed to their strategic partnership with Adobe and will still offer the Adobe Marketing Cloud to firms that require a more high-volume type of digital marketing solution.

**2. Oracle Makes Additions To Marketing Analytics Platform And Creates An SMS Public Aggregator Network (SPAN).** Towards the end of 2015 Oracle added quite a few innovations to the Oracle Marketing Cloud by introducing new mobile, data, content and reporting capabilities. Then in 2017, Oracle integrated their marketing cloud with their LinkedIn Campaign Manager to help companies in their lead generation. More recently, the firm added two new products to their marketing analytics platform. The first product is Oracle Infinity. Oracle Infinity is a data analytics platform for capturing, processing, storing and interrogating unlimited datasets for companies to get insights from customer data.  The  second product is Oracle CX Audience, which is a solution for large-scale audience segmentation and audience analytics. Oracle also recently launched SPAN as part of their marketing cloud helping their customers have an easier time setting up their mobile marketing campaigns.

**3. IBM Releases Watson Marketing Insights and Collaborates with LiveRamp to Enable Weather-Based Marketing.** For those who read our Q1 2015 'Rise Of The Digital Marketing Suite' Report, you might remember we mentioned IBM as one of the players who did not move towards the cloud. Since that report a lot has changed for IBM. In August 2015, they released the IBM Marketing Cloud, which is now called IBM Watson Campaign Automation.  Later in April 2017, IBM added their marketing prowess in the hands of Watson, releasing IBM Watson Marketing Insights. The product offers companies a more cognitive approach to customer analytics. In other news, with the purchase of The Weather Company IBM partnered with LiveRamp to add WeatherFX to their marketing cloud. WeatherFX uses weather data and intelligence to understand how the weather might impact consumer behavior and also personalize communication with customers.

**4. Salesforce Introduces Einstein Account-Based Marketing and Marketing Cloud Lightning.** In May 2016, Salesforce released the Marketing Cloud Lightning, with a goal of allowing marketers to improve customer experience. In 2017 Salesforce released Einstein Account-Based Marketing. The new product gives Salesforce's B2B customers the ability to connect their sales and marketing services. Outside of product releases, since our last report Salesforce made some innovations to the digital advertising aspect of their marketing cloud. In a press release Salesforce mentioned that with this innovation their marketing cloud allows companies to utilize customer data and signals from potential customers to deliver the right message at the right time on any channel.

**5. Adobe Does Not Add Any New Products To Marketing Cloud As They Focus On Strengthening Their Current Offerings.** Since our last report, Adobe launched their Experience Cloud which includes their marketing cloud. However, on the marketing cloud front, there wasn't much noise. In 2016 they integrated Adobe Primetime with the Adobe Marketing Cloud to help companies in the media space launch "direct-to-consumer services." Otherwise Adobe just made some innovations to their email marketing and content management solutions.

**6. Theme for Independents Has Been Market Consolidation.** Many of the independents we mentioned in previous editions of the 'Rise Of The Digital Marketing Suite' have been sold to the bigger players in the space. Starting with Webtrends, they sold their Infinity asset to Oracle and now are basically dead. Asterdata sold to Teradata and is now part of their Analytics platform. Vocus-Cision bought Visible Technologies, adding a social marketing aspect to the PR-tech companies' offerings. As mentioned in the previous market update post, Demandware was purchased by Salesforce and is currently part of their marketing cloud. Lastly, DoubleClick was sold thereby helping Google join the digital marketing space.

**7. Google Releases Their Own Marketing Cloud With The Google Marketing Platform.** Just recently in July, with the combination of DoubleClick Digital Marketing and Google 360 Analytics, Google joins the big five with their own cloud. In a blog post, Google stated that their marketing cloud will help deliver more relevant and effective marketing, while ensuring that you respect your customers' privacy and give them control over their data. As the Google Marketing Platform is extremely new, only time will tell how they will compete with the current players. However, they have a very good head start with the combination of DoubleClick and Google 360 Analytics. With that we definitely see them succeeding in near future.

That's it for key product updates. As more and more types of customer data become available, we expect to see many new innovations to the digital marketing space for years to come amongst our big players. If you're interested in reading the 2018 edition of the 'Rise Of The Digital Marketing Suite' you can find it here.