Customer Data Platform Industry Update

January 2019

CUSTOMER DATA PLATFORM INSTITUTE

www.cdpinstitute.org

Executive Summary

The Customer Data Platform industry combined steady growth in the second of 2018 with hints at future disruption. Significant developments include:

- **Continued expansion:** the industry added 15 new vendors, 1,256 employees, and $317 in cumulative funding, a roughly 23% increase for each measure over six months. New funding in the second half of 2018 totaled $58 million for all vendors.

- **Next generation**: 60% of the added vendors were founded in 2014 or after. These represent a new wave of small, purpose-built CDPs, focusing largely analysis and campaign functions. By contrast, 66% of previous entrants were founded before 2014. Most of those products were built for other purposes and later repositioned as first-generation CDPs.

- **Acquisitions:** the period saw the first acquisitions of major CDPs by large industry players. Datorama was purchased by Salesforce and Treasure Data was purchased by ARM Holdings. Similar acquisitions are likely in the future as leading CPD vendors become large enough to appeal to strategic buyers.

- **External competition:** major marketing technology, ecommerce, and customer experience vendors have begun to offer modules that compete with CDPs. Oracle and a coalition including Adobe, Microsoft, and SAP announced projects that provide CDP functions. Salesforce offered an integration solution that does not meet CDP requirements but addresses some of the same needs.

- **No consolidation:** the five largest CDP vendors account for 25% of industry employment and are growing faster than smaller competitors. But continued entry of new firms has prevented the industry from consolidating. Fragmentation will likely increase as new vendors create niches based on industry, region, and client company size.

- **$1 billion revenue:** CDP Institute estimates that 2018 revenue for all CDP vendors was $740 million. We believe that 2019 revenue will reach $1 billion, including revenue for acquired CDPS but not counting revenue for CDP-like modules within other systems.

Taken together, these developments point to significant changes in the CDP industry. Competition will increase from new, specialist CDPs and from companies offering CDP functions within larger systems. Software vendors looking to add CDP functions are likely to purchase existing CDPs to speed this process. Some marketing agencies and consultancies may also purchase a CDP vendor to gain a proprietary offering for their clients. Most CDP vendors will offer a broad footprint including access, analysis and campaign functions. Some may continue to add functions until their products can no longer be considered CDPs. A minority of CDP vendors will take the other track, providing high performance access features to large enterprise clients. Buyers will find themselves increasingly confused by the wide array of CDP products and modules. But the pressing need for unified customer data will ensure that buyers continue to seek solutions and often pick a stand-alone CDP as their best choice.

Background Information

CDP Definition

Customer Data Platform is defined by the CDP Institute as "packaged software that creates a persistent, unified customer database that is accessible to other systems". Key elements of the definition are:

- **Packaged software.** The CDP is packaged software bought and controlled by business users, most often in marketing. This distinguishes it from a data warehouse or data lake which is usually custom-built by the corporate IT department. The packaged nature of the system makes it much easier to deploy and change as new needs arise. Corporate IT must cooperate to set up and maintain the CDP but most technical resources are usually provided by the vendor or an agency hired by marketing.

- **Persistent, unified customer database.** The CDP creates a comprehensive view of each customer by capturing data from multiple systems, linking information related to the same customer, and storing the information to track behavior over time. The CDP contains personal identifiers used to target marketing messages and track individual-level marketing results. CDPs work primarily with data gathered by a company's own systems about identified individuals. They may also include data from external sources and about anonymous individuals. The CDP is able to retain all details of input data indefinitely, although users may restrict what is stored and how long it is kept.

- **Accessible to other systems.** Data stored in the CDP can be used by other systems for analysis and to manage customer interactions. The CDP restructures the data, adds calculated values such as trends and model scores, and shares the results with other systems in formats they can accept. Access methods typically include APIs, database queries, and file extracts.

These features distinguish CDP from other systems that work primarily with their own data (such as Customer Relationship Management), store only limited details for limited periods and include large volumes of externally-owned data (Data Management Platform), do not maintain a permanent database (Integration Platforms), and interact directly with customers (Email, Mobile Apps, and Web Content Management).

Other systems may provide similar functions to a CDP. These include data warehouses and software suites or marketing clouds. Often these are limited to structured data or internal inputs. Companies providing such solutions are not considered part of the CDP industry in this report.

Industry History

The term Customer Data Platform was originally coined in 2013 to describe several types of marketing systems that shared the ability to build a unified customer database. This was unusual at the time. Most of these systems created the database to support an application such as predictive modeling, attribution, Web site personalization, or campaign management. Over time, many vendors recognized that their database could also be used by other applications. These vendors added features to allow access by other systems, converting their systems into full CDPs. During the same period, several Web analytics and tag management vendors recognized they could modify their data-gathering systems to create a persistent database, creating another form of CDP.

By 2016, both sets of vendors had converged to form the CDP industry. The industry has grown quickly as marketers recognized the need for unified data and the shortcomings of alternative solutions such as data warehouses, data lakes, CRM, and DMP. Growth in Europe was further boosted by CDP features that help companies comply with the General Data Protection Regulation (GDPR).

The CDP Institute was founded in 2016 to educate marketers and technologists about CDP capabilities. The Institute published its first Industry Update report in January 2017. It has released updated versions at six-month intervals since that time.

Data Sources

Vendors included in this report are companies identified as Customer Data Platforms by the CDP Institute. They are companies whose primary product meets the Institute's definition of a CDP: "packaged software that builds a unified, persistent customer database accessible by other systems." Companies where CDP is not the major product are not included, even though they may have a system that meets the CDP definition. Exceptions are made for formerly independent CDPs that are acquired by larger firms. No payment is required to be listed.

Companies are occasionally removed from the list due to clearer understanding of their products, changes in the products, or changes in the company's business. When companies are removed, they are excluded from prior period analyses as well. Two companies, Signal and ZenIQ, were dropped since the last report.

Employee counts in this report are taken from LinkedIn. Comparison with other information has generally shown these to be reasonably accurate. However, it is likely that they are more complete for U.S. firms than European or Asian firms. The CDP Institute also checks with the vendors and offers them an opportunity to provide corrected figures. Statistical analysis in this report uses the LinkedIn data to ensure accurate cross-period comparisons. The vendor listings in Appendix B show the vendors' corrected figures when available.

Founding dates and funding data are from Crunchbase. Crunchbase relies on public announcements, which are not always a complete record of investments. Many older firms had funding not captured in Crunchbase. Crunchbase is also more likely to miss information on non-U.S. firms.

Information in this report was gathered in December 2018. Neither the CDP Institute nor the original data providers are responsible for the accuracy of any information in this report.

Vendor Categories

This report groups CDP vendors into three categories based on the functions provided by their systems. Each category includes functions provided by the previous categories. There are great variations among vendors within each category. Categories are:

- **Access.** These systems gather customer data from source systems, link data to customer identities, and store the results in a persistent database available to external systems. This is the minimum set of functions required to meet the definition of a CDP. Systems in this category often employ specialized technologies for data management and access. Many began as tag management or Web analytics vendors and have considerable legacy business in those areas.

- **Analytics**. These systems provide data assembly plus analytical applications. The applications usually include customer segmentation and sometimes extend to machine learning, predictive modeling, revenue attribution, and journey mapping. These systems often automate the distribution of segment lists to marketing automation or advanced analytics products.

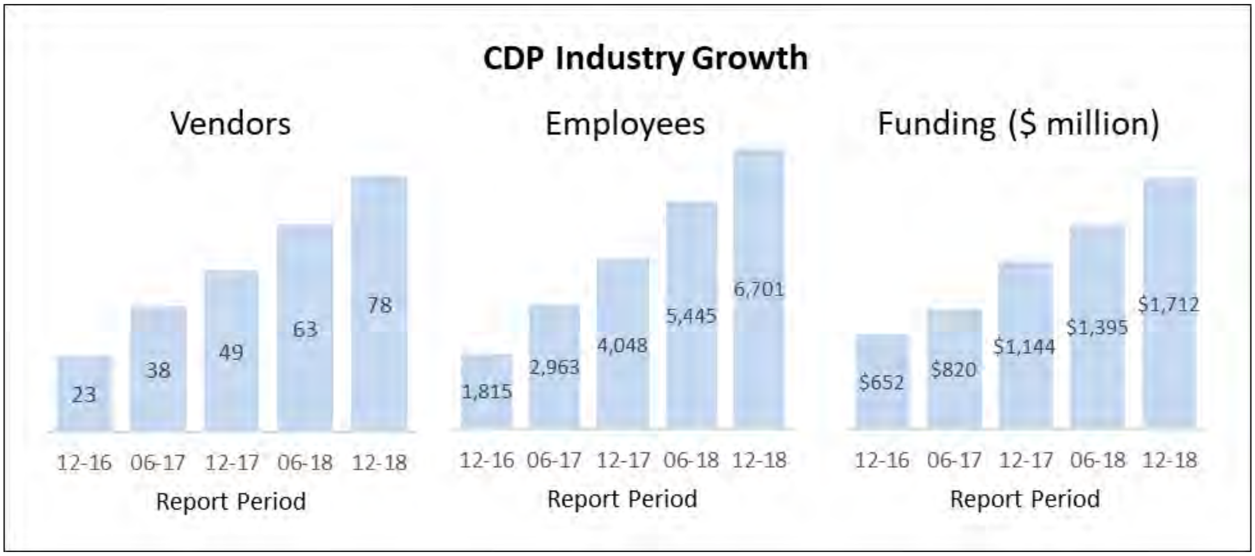
- **Campaigns**. These systems provide data assembly, analytics, and customer treatments. These treatments may be personalized messages, real time interactions, product or content recommendations, outbound marketing campaigns, customer journey orchestration, or other contacts. What distinguishes them from segmentation is they also specify the message to be delivered.

Revenue Estimate

Revenue is estimated from the number of employees. The revenue per employee is based on actual figures provided by several CDP vendors and from industry averages. The figure is adjusted for individual firms based on employee count, company type, region, and funding. The adjusted average is $110,000 per employee per year.

Period Overview

The CDP industry continued its steady growth in the second half of 2018, reaching 78 vendors, 6,745 employees, and $1.7 billion in funding. The period also saw the first two major CDP acquisitions: Datorama was purchased by Salesforce for $800 million and Treasure Data was purchased by Arm for $600 million. CDP Institute estimates that industry vendors earned $740 million revenues in 2018 and will exceed $1 billion in 2019.

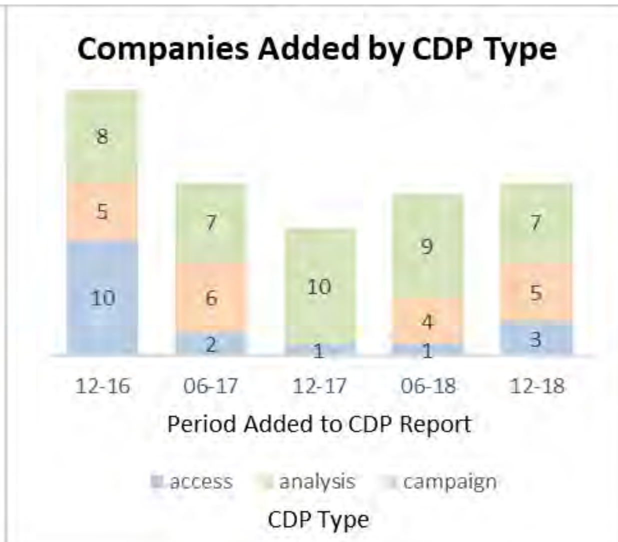


As in past reports, most growth came from new vendors entering the industry. The fifteen vendors added during this period accounted for 906 of 1,256 added employees and $279 million of $317 million added funding. New funding for existing vendors dropped sharply compared with earlier periods, suggesting that most have already raised adequate funds for their immediate needs.

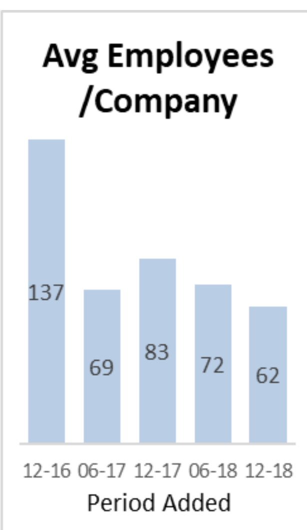
New Vendors

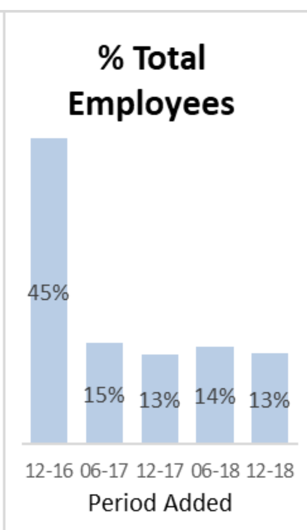
Vendors are added to this report as the CDP Institute becomes aware of them. They include New companies that were founded as CDPs and older firms that have repositioned as CDPs.

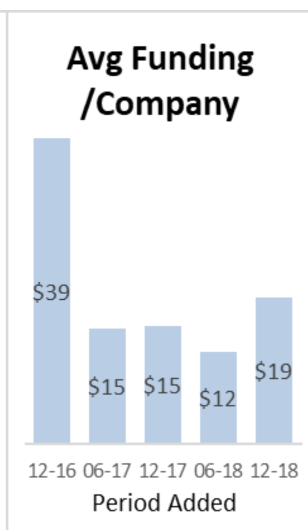
The mix of vendors entering the industry has changed substantially over time. Most vendors in the initial report were relatively new – 62% had been founded in 2010 to 2013. These had been built from the start as CDPs or similar products that evolved into CDPs. Nearly half of this group focused on data access.

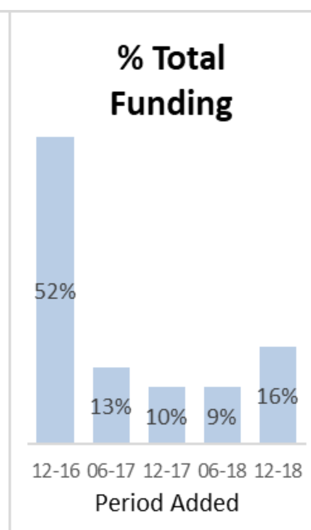


Vendors added in the next three reports were different. One cluster, 37% of the total, were founded before 2010 and were large, well-funded campaign management companies that had moved into the CDP industry. Another cluster, also 37% of the total, were much smaller, lightly funded companies founded in 2014 and after. About half of this group were analysis CDPs. The remaining 25% were founded in 2010-2013. Like the older firms, these were large, well-funded campaign CDPs.

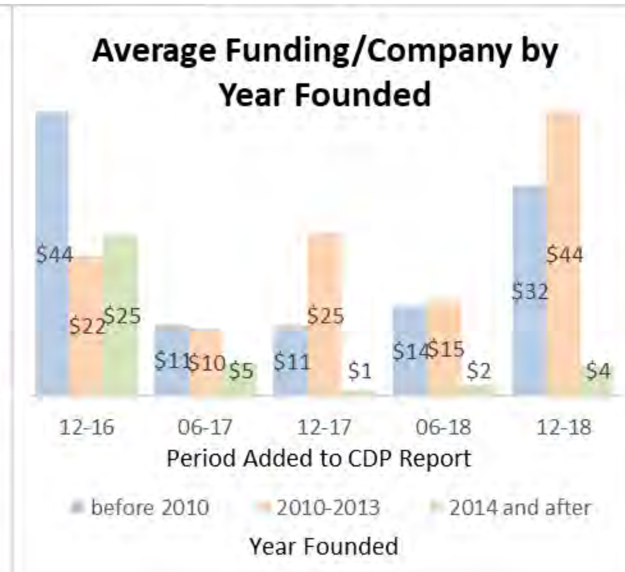






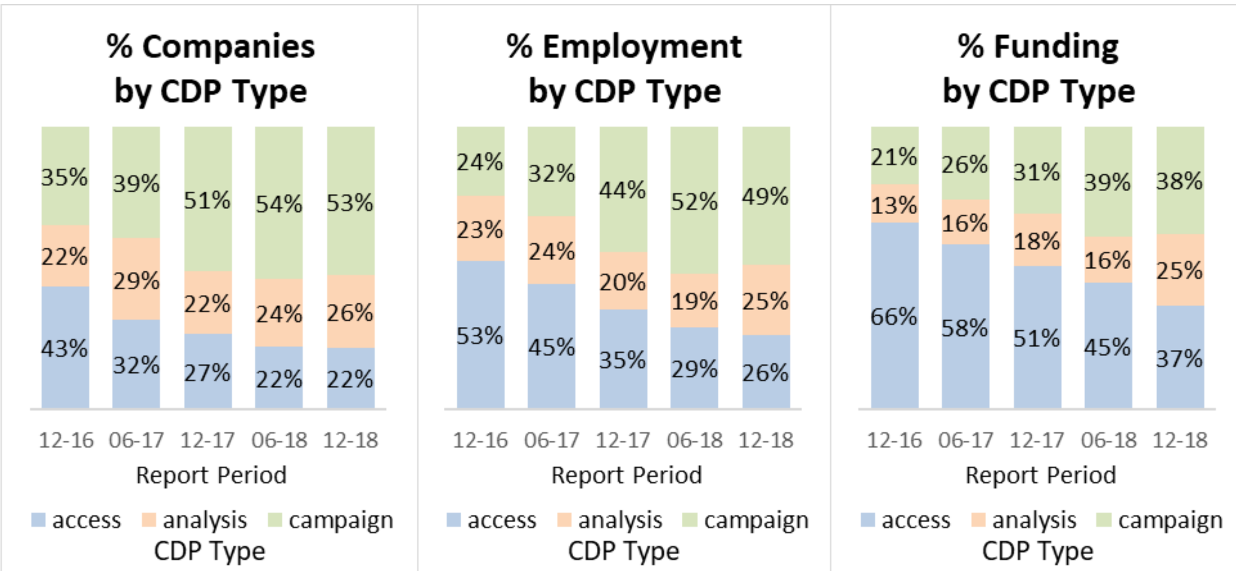


Vendors added in the latest report fall into two similar clusters. One includes three B2B vendors (Lattice Engines, Radius, and Leadspace) which are large, well-funded, and were all founded before 2013. The balance are young, small, lightly funded firms offering a mix of data access, analysis, and campaign products. Several focus on mid-size and retail clients. They can be seen as the next generation of purpose-built CDPs.

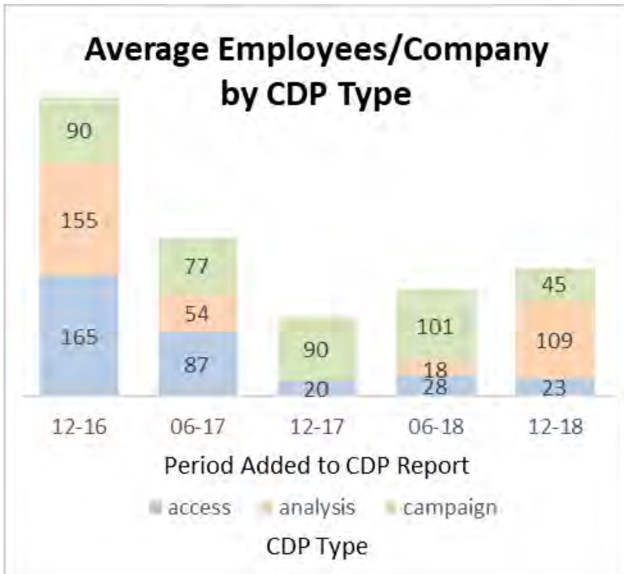


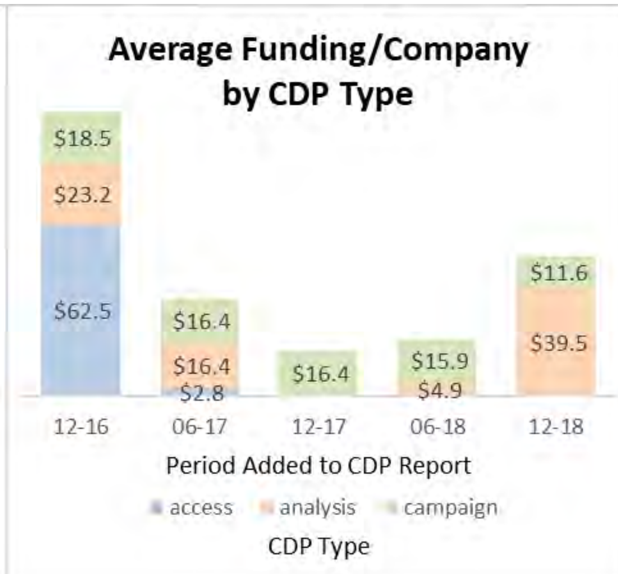
CDP Types

The industry has seen a long-term shift away from data access CDPs. This continued during the most recent period, with the access vendors falling to 22% of companies and 26% of employment, half the 2016 levels. The greatest gain during the most recent period came from analysis vendors, which grew from 19% of employment to 25%. This was primarily due to the large B2B CDPs. Access vendors are still larger on average than the other classes of CDP.



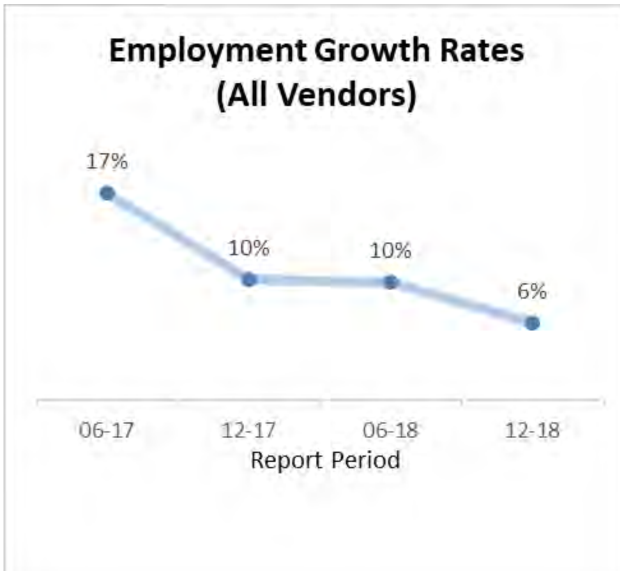
Despite the shift away from access vendors, they remain the largest and best funded companies within the industry. In particular, the core vendors who were included in the original CDP Industry Report are much larger than other vendors, including other access vendors who joined the industry later.

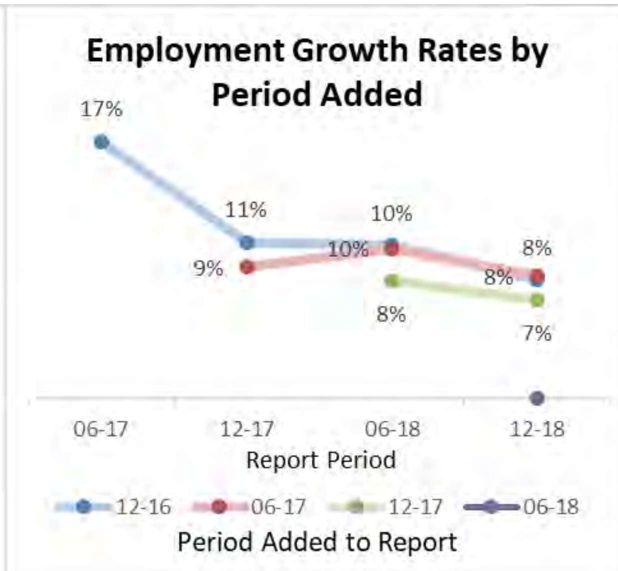

Average Employees/Company
by CDP Type
90
155
165
77
54
87
90
20
101
18
28
45
109
23
12-16
06-17
12-17
06-18
12-18
Period Added to CDP Report
access
analysis
campaign
CDP Type


Average Funding/Company
by CDP Type
$18.5
$23.2
$62.5
$16.4
$16.4
$2.8
$16.4
$15.9
$4.9
$11.6
$39.5
12-16
06-17
12-17
06-18
12-18
Period Added to CDP Report
access
analysis
campaign
CDP Type

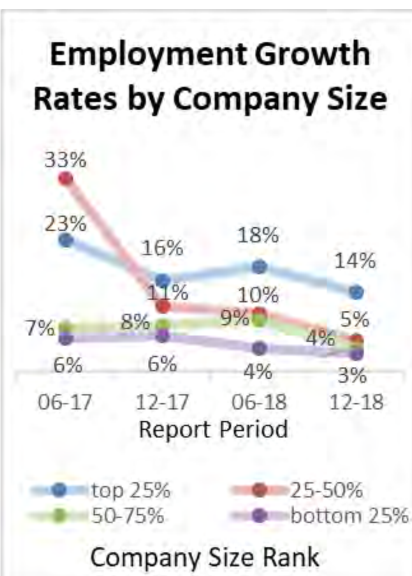
Employment

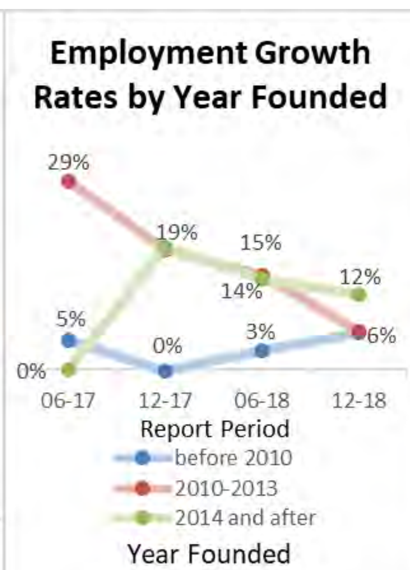
Vendors listed in at least one previous report have been growing around 20% per year (10% per six- month period). The rate was lower during the most recent period, although the decline was mostly concentrated in the vendors added six months ago, who showed no net growth.

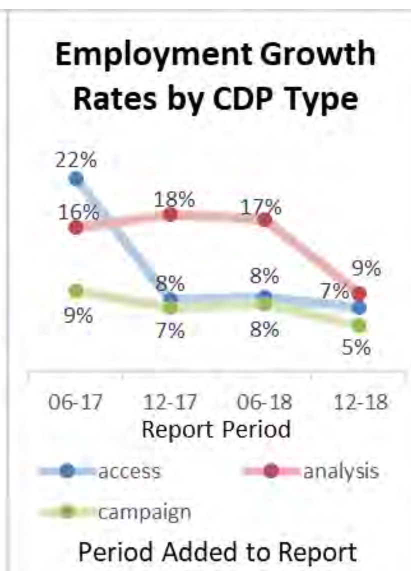




Other fairly consistent patterns: larger companies grow faster than smaller companies; newer companies grow faster than old ones; and, analysis vendors grow faster than campaign and access vendors.

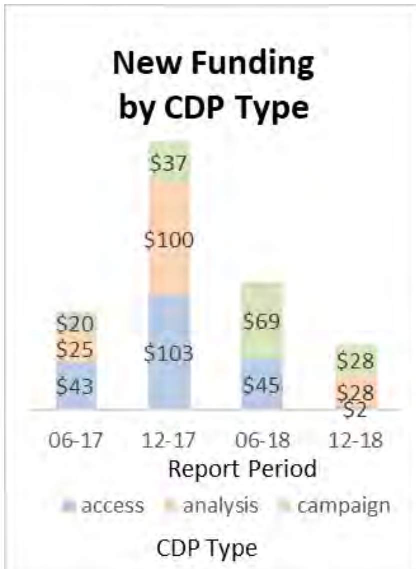






Funding

New industry funding totaled $58 million for the period. This was half the level of the previous six months and one-quarter the level of the period before that. New funding in recent periods has gone largely to analysis and campaign vendors and to firms with fewer than 100 employees. Most has gone to companies founded in the 2010-2013 although more than half went to firms founded after 2013 during the latest period. Taken together, this suggests that new funding is going to industry challengers more than the current leaders.



SessionM and Simon Data accounted for 75% of the total $58 million raised during this period. Five of the six firms funded were in the analytics or campaign groups. Only one firm had more than 100 employees. All funded firms were founded after 2010 and four founded in 2014 or later.

Funding Events						
Vendor	date	amount ($ millions)	total funding ($ millions)	category	founded	employment
SessionM	7/24/2018	$23.8	$97.3	campaign	2011	225
Simon Data	7/31/2018	$20.0	$32.0	analytics	2014	74
Zylotech	10/31/2018 7/18/2018	$5.5 $0.5	$6.0	analytics	2014	50
Ascent360	12/05/2018	$4.1	$6.0	campaign	2014	42
Hull.io	10/19/2018	$2.3	$5.2	access	2013	72
Rekener	12/03/2018	$2.1	$7.1	analytics	2015	21

Acquisitions

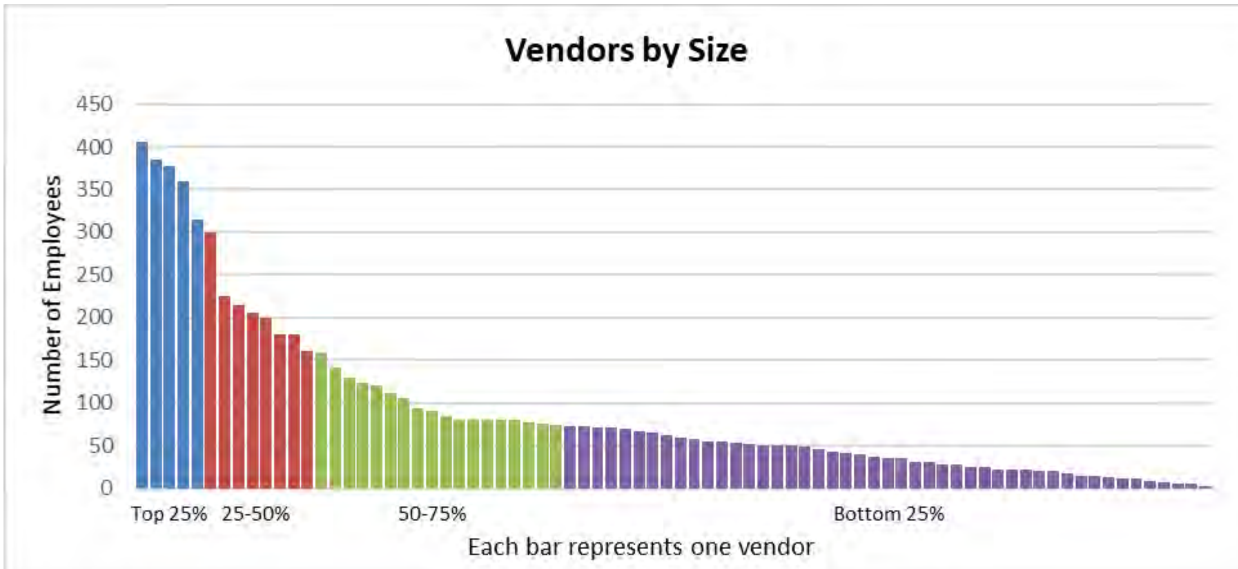
The period saw the first two major CDP acquisitions, of Datorama and Treasure Data. Both were among the largest industry vendors by size and were included in the original CDP Industry report. Also acquired were Marketing G2 and Datatrics, much smaller CDPs with campaign functions.

Acquisitions							
Vendor	**Buyer**	**date**	**price ($ millions)**	**total funding ($ millions)**	**category**	**founded**	**employment**
Datorama	Salesforce	7/17/2018	$800	$50.0	analytics	2012	378
Treasure Data	ARM	7/31/2018	$600	$54.1	access	2011	215
Datatrics	MailUp Group	9/19/2018	$4.4	0	campaign	2012	27
Marketing G2	Newscycle	12/4/2018	Unknown	0	campaign	2002	25

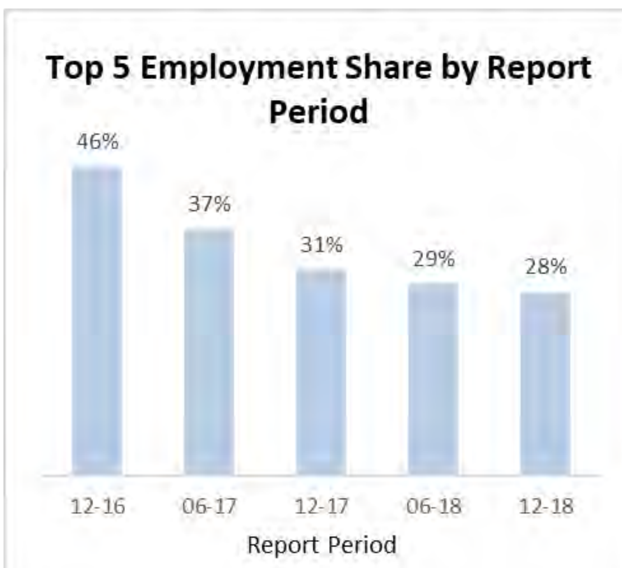
Combined with acquisitions from previous periods, more than 11% of industry employment is now at acquired firms. As these firms become more integrated with their corporate parents it will become more difficult to estimate total industry employment.

Concentration

The CDP industry shows a typical "long tail" distribution, with a handful of large vendors and a large number of smaller ones. The top five vendors, each with more than 300 employees, account for just over 25% of total employment. The next eight vendors, with 160 to 300 employees, account for another 25%. The bottom quarter is made of 18 vendors with 74 to 160 employees. The final 25% takes 47 vendors with 72 employees or fewer.

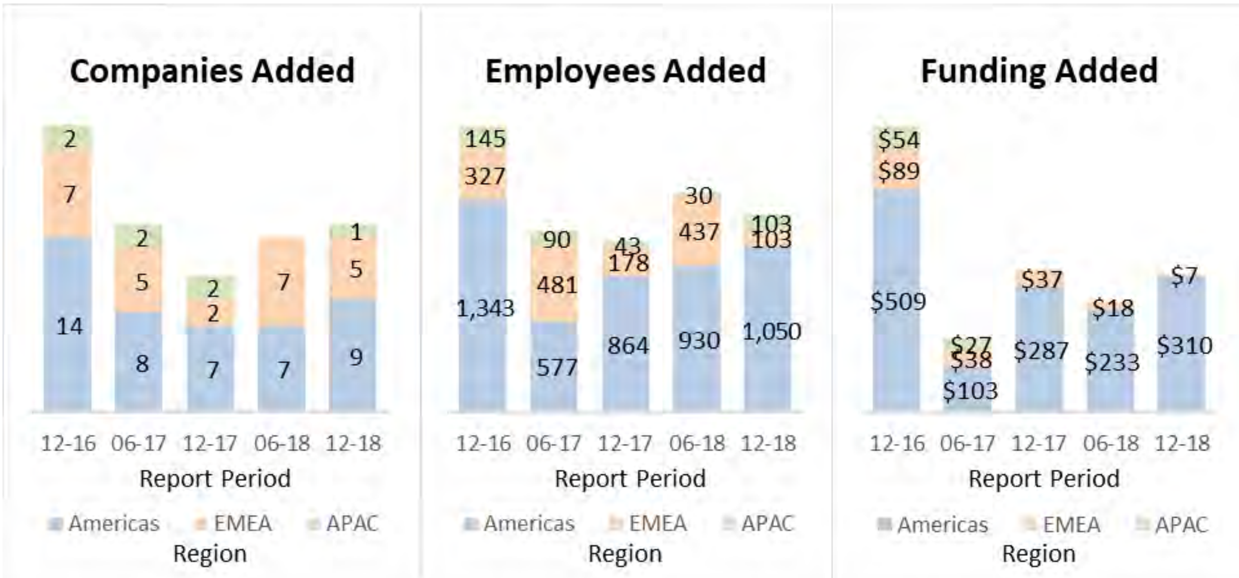


Concentration has fallen as new vendors enter the industry. The top five vendors accounted for 46% of total employment two years ago. Their share of funding has fallen even more sharply to 27% from 53%. This trend suggests the industry is far from any consolidation.

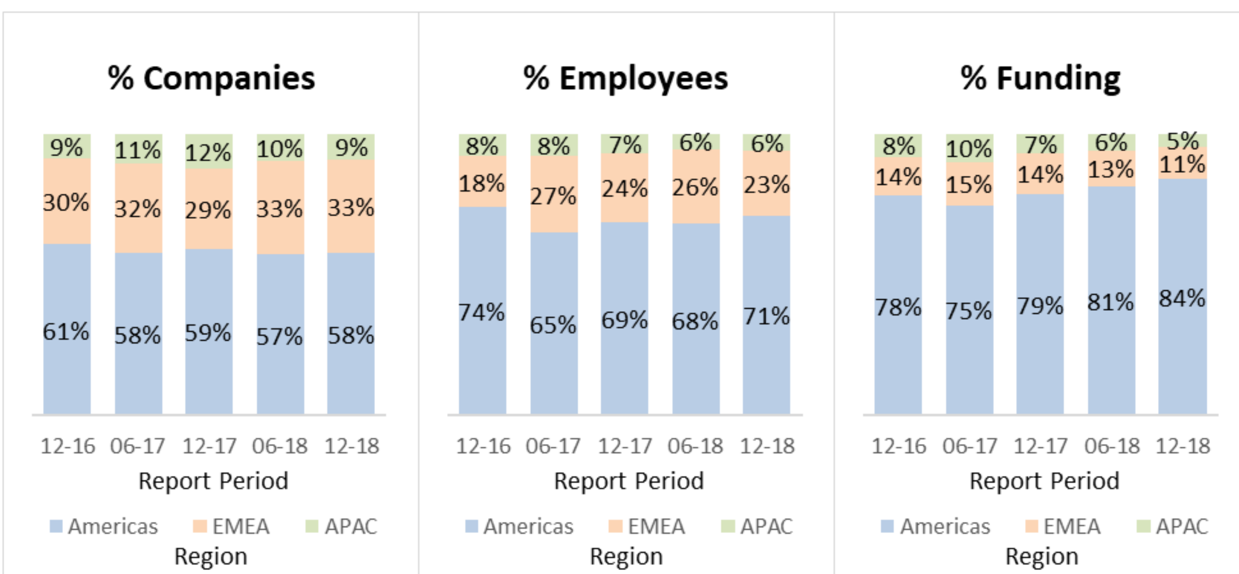


Regions

The CDP industry continued to grow internationally during this period. Of fifteen vendors added, nine were in the U.S, five in Europe, and one in Asia. The non-U.S. firms were relatively small, accounting for just 16% of added employees and 2% of added funding. (Actual funding may be higher since figures are reported by U.S.-oriented Crunchbase.)

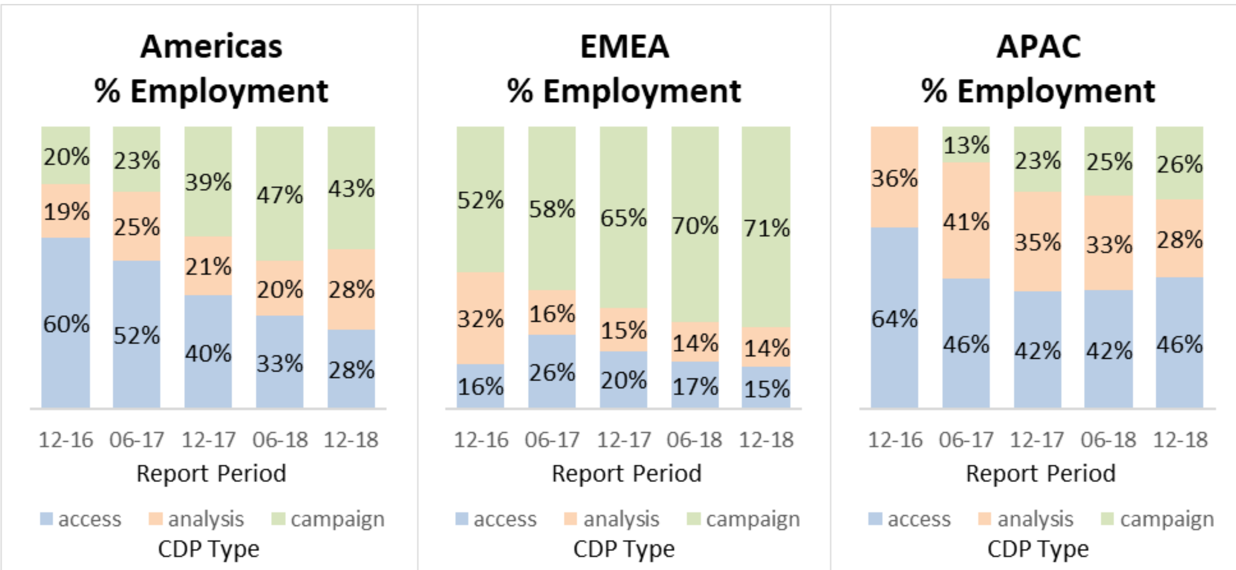


- **Americas:** The industry remains dominated by U.S.-based vendors. The U.S. industry grew slightly faster than the rest of the world during this period, increasing its share of companies, employment and funding.



- **EMEA:** Growth slowed in the European industry, which added just 103 net employees despite adding five new companies. Campaign vendors dominate the European industry, accounting for 71% of employment. U.S.-based access and analysis CDPs have a strong presence in the European markets, which may have forced European vendors to focus on adding value with campaign features.

- **APAC:** The Asia-Pacific market has relatively few local vendors, accounting for just 9% of companies and 6% of employment. Growth has lagged the rest of the industry, although employment for the current period did keep pace. Unlike other regions, the APAC market remains dominated by access vendors, with 46% of employment. This may be due to relatively low penetration by U.S.-based firms.



Appendix A. Top Vendors

Employment						
name	**Report Added**	**Region**	**Category**	**Founded**	**Fund 12/18**	**Emp 12/18**
Tealium	12-16	USA	access	2008	$ 112.9	406
IgnitionOne	06-18	USA	campaign	2004	$ 80.2	385
Datorama	12-16	USA	analytics	2012	$ 50.0	378
Segment	12-16	USA	access	2011	$ 108.7	359
Radius	12-18	USA	analytics	2012	$ 107.6	406

Funding						
name	**Report Added**	**Region**	**Category**	**Founded**	**Fund 12/18**	**Emp 12/18**
Reltio	12-16	USA	access	2011	$ 117.0	300
Tealium	12-16	USA	access	2008	$ 112.9	406
Segment	12-16	USA	access	2011	$ 108.7	359
Ensighten	12-16	USA	access	2009	$ 108.5	72
Radius	12-18	USA	analytics	2012	$ 107.6	315

Appendix B. All Vendors

name	Report Added	Region	Category	Founded	Fund 12/18	Emp 12/18
ActionIQ	06-17	Americas	analytics	2014	$ 45.0	71
Advalo	12-18	EMEA	campaign	2014	$ 5.7	51
Advanced InSight	06-17	Americas	analytics	2012	$ -	6
Agilone	12-16	Americas	campaign	2006	$ 41.0	120
Aginity	12-16	Americas	analytics	2005	$ 13.8	80
Allsight	12-18	Americas	analytics	2017	$ -	53
Alterian	06-18	Americas	campaign	1997	$ -	66
Amperity	06-17	Americas	analytics	2016	$ 37.0	85
Aqfer	12-18	Americas	access	2016	$ -	20
ARM Treasure Data	12-16	APAC	access	2011	$ 54.1	215
Ascent360	12-17	Americas	campaign	2014	$ 6.0	42
Audiens	12-18	EMEA	analytics	2015	$ 1.7	25
BlueConic	12-16	Americas	campaign	2010	$ 13.8	80
BlueShift	06-17	Americas	analytics	2014	$ 10.6	57
BlueVenn	12-16	EMEA	campaign	2013	$ -	111
Boxever	12-16	EMEA	campaign	2011	$ 19.0	77
Bridg	12-18	Americas	campaign	2012	$ 11.0	50
CaliberMind	06-17	Americas	campaign	2015	$ 4.4	15
Camp de Bases	12-17	EMEA	campaign	2011	$ -	22
Celebrus	06-18	EMEA	access	1999	$ -	28
CommandersAct	12-16	EMEA	access	2010	$ 8.2	59
ContactLab	06-18	EMEA	campaign	1998	$ 4.0	180
CrossEngage	06-17	EMEA	campaign	2015	$ 6.0	41
Datalicious	12-16	APAC	analytics	2007	$ -	54
Datatrics	12-18	EMEA	campaign	2012	$ -	27
Datorama	12-16	Americas	analytics	2012	$ 50.0	378
Ensighten	12-16	Americas	access	2009	$ 108.5	72
Eulerian s	12-16	EMEA	analytics	2002	$ 5.3	62
Evergage	12-17	Americas	campaign	2010	$ 26.3	94
FanThreeSixty	06-18	Americas	campaign	2011	$ -	70
FirstHive	12-17	APAC	campaign	2016	$ -	35
Fospha	12-16	EMEA	campaign	2014	$ 24.7	40
Gamooga	12-17	APAC	campaign	2014	$ -	50
Hull.io	12-16	Americas	access	2013	$ 5.2	72
IgnitionOne	06-18	Americas	campaign	2004	$ 80.2	385
Integral-Core	12-18	APAC	access	2006	$ -	46
IntentHQ	06-18	EMEA	campaign	2010	$ 11.0	37
Invicta	06-18	EMEA	campaign	2006	$ -	17
Jahia / Unomi	06-17	EMEA	campaign	2002	$ 22.5	80
Lattice Engines	12-18	Americas	campaign	2006	$ 64.7	142
LeadBoxer	06-18	EMEA	analytics	2014	$ 0.6	7

Leadspace	12-18	Americas	analytics	2011	$ 56.0	80
Lemnisk/Vizury	06-17	APAC	campaign	2008	$ 27.0	71
Lexer	06-17	APAC	analytics	2008	$ -	54
Lytics	12-16	Americas	campaign	2012	$ 23.3	90
Marketing G2	06-18	Americas	campaign	2002	$ -	25
mParticle	12-16	Americas	access	2013	$ 76.3	124
NectarOM	12-17	Americas	campaign	2014	$ 2.1	11
NextUser	12-16	Americas	campaign	2013	$ 2.3	22
NGDATA	12-16	EMEA	analytics	2012	$ 46.8	200
Nominow	06-17	EMEA	access	2015	$ -	14
Omnisient	12-18	EMEA	access	2014	$ -	3
ONEcount	12-17	Americas	access	1996	$ -	20
Optimove	12-17	Americas	campaign	2009	$ 20.0	206
PearlThinks	12-18	Americas	campaign	2018	$ -	8
Piwik Pro	06-18	EMEA	campaign	2013	$ 2.0	76
PRDCT	06-18	EMEA	analytics	2014	$ -	13
Quaero	06-17	Americas	campaign	2014	$ 4.1	65
QuickPivot	12-17	Americas	campaign	2013	$ -	80
Radius	12-18	Americas	analytics	2012	$ 107.6	315
RedEye	06-17	EMEA	campaign	1997	$ -	161
RedPoint Global	12-16	Americas	campaign	2006	$ 23.7	180
Rekener	06-18	Americas	analytics	2015	$ 7.1	21
Reltio	12-16	Americas	access	2011	$ 117.0	300
Segment, Inc.	12-16	Americas	access	2011	$ 108.7	359
SessionM	12-17	Americas	campaign	2011	$ 97.3	225
Simon Data	12-18	Americas	analytics	2014	$ 32.0	74
Splio	12-17	EMEA	campaign	2001	$ 12.0	130
Stride	12-18	Americas	campaign	2016	$ -	30
Tealium	12-16	Americas	access	2008	$ 112.9	406
Umbel	12-16	Americas	access	2010	$ 32.9	35
UniFida	12-18	EMEA	campaign	2014	$ -	5
UserMind	06-18	Americas	campaign	2013	$ 45.6	49
Velocidi	06-18	Americas	analytics	2009	$ 12.0	31
Yeti Data	12-16	Americas	access	2013	$ 1.0	12
Ysance	06-17	EMEA	access	2005	$ 5.6	160
Zaius	06-17	Americas	campaign	2012	$ 50.8	106
Zylotech	06-17	Americas	analytics	2014	$ 6.0	50

About the CDP Institute

The Customer Data Platform Institute provides vendor-neutral information about issues, methods, and technologies for creating unified, persistent customer databases. Activities include publishing of educational materials, news about industry developments, creation of best practice guides and benchmarks, a directory of industry vendors, and consulting on related issues. For more information, visit www.cdpinstitute.org.

