Customer Data Platform Industry Update

June 2018

CUSTOMER DATA
PLATFORM
INSTITUTE

www.cdpinstitute.org

Executive Summary

The Customer Data Platform industry continued its steady expansion in the first half of 2018, adding 31% more employees and 22% more vendors.   Employment grew 76% over the preceding year and vendors grew 59%.

Major changes within the industry include:

- Shift to engagement: Vendors providing data access, analytics, and customer engagement accounted for 20% of industry employment in January 2017. By June 2018 their share had risen to 49%.   Over the same period, vendors providing primarily data access fell from 57% of industry employment to 32%.

- Entry from outside: nearly half the vendors added during the report period were founded before 2008, suggesting that they were originally built for a different purpose and have now repositioned themselves as CDPs. In previous periods, just 20% of vendors had started before 2008.   Old firms added during this period are much larger than younger entrants, also indicating they are already an established business.

- Acceleration in Europe: the number of European vendors increased by 33% and employment rose by 42%, substantially outpacing the U.S. and Asia-Pacific markets. The European CDPs are also further along in the transition to an engagement focus. However, all new funding reported for this period went to U.S. vendors.

Prospects for the CDP industry are bright. Market penetration is still low, especially outside of the United States. Demand for unified customer data will increase as new data sources become available and customers continue to demand unified treatment. The main threat to CDP is that major enterprise software companies will enter the market. However, software buyers have already shown they are willing to purchase from independent CDP vendors. Many may prefer to buy from specialist CDPs to preserve some independence from the major marketing software suites.   As illustrated by the shift toward engagement features, CDP vendors are responding to market demands and can be expected to adapt more quickly to user preferences than giant competitors.

Estimated industry revenue for 2018 is $640 million, a 65% increase over one year prior. Assuming current trends continue, revenue for 2019 should reach $1 billion.

Background Information

CDP Definition

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

- **Marketer-managed system.** 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. Technical resources needed to set up and run the CDP 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. But they may also include data from external sources and 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. 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: "marketer-managed system 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. 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 new ownership. When companies are removed, they are excluded from prior period analyses as well. One company, conDati, was 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.

Founding dates and funding data are from Crunchbase. Crunchbase relies on public announcements, which are not always a complete record of investments. Older firms also may have 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 early June 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.

- Engagement. 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 separately for each vendor based on the number of employees, company type, region, and funding. We estimate 2018 revenue for firms listed in this report at $640 million. Actual industry revenue will be higher as additional firms are added. Assuming that current trends continue, revenue for 2019 should reach or exceed $1 billion.

Period Overview

The CDP industry added 11 new vendors, 1,336 new employees, and $114 million new funding during the first half of 2018. These represented increases of 10%, 31% and 8% respectively. Year-on-year increases were 59% for vendors, 76% for employees, and 27% for funding.

When comparing employment vs. funding growth rates, remember that funding figures for past periods are revised to include vendors added to the report, while employment figures only show each vendor from their first period and after. This is one reason that funding grows much more slowly than employment.

	Report Date					
	12-16	06-17	12-17	06-18	6 month change	12 month change
Vendors	24	39	51	62	22%	59%
Employment	1,991	3,170	4,248	5,584	31%	76%
Funding ($ millions)	$1,063	$1,154	$1,356	$1,470	8%	27%

All three industry metrics have shown steady cumulative increases since January of 2017. However, this masks major changes within the industry.
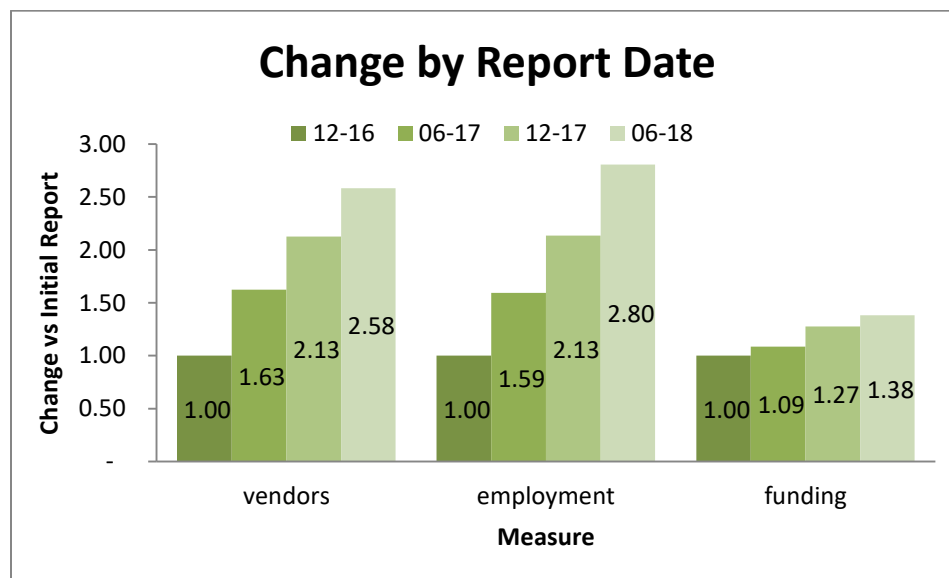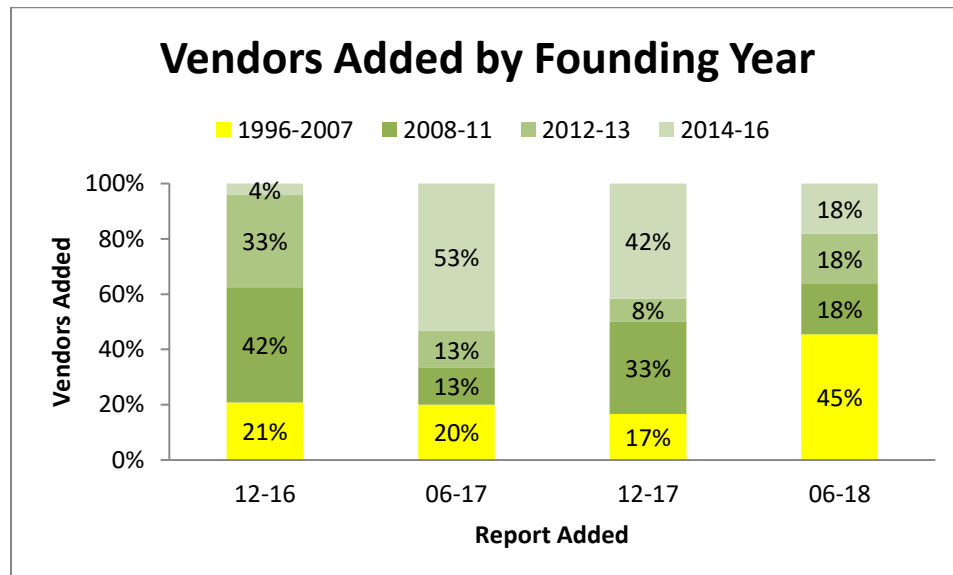
Period Details

New Vendors

Vendors are added to this report as the CDP Institute becomes aware of them. Some are new to the market while others are older firms that have not previously come to the Institute's attention. Older firms are likely to have started in a different market and have repositioned themselves as CDPs.

The mix of new vendors has shifted substantially over time. Vendors in the initial report represent the core of the CDP industry – 75% were founded 2008-2013 and focus on data access functions, the primary CDP use case. Most of these vendors started with a different product, often tag management and campaign management. Vendors added during the following two reports were more likely to be new companies that were designed as CDPs from the start. By contrast, nearly half of the vendors added for this report are more than ten years old. These companies began as something other than a CDP and have now chosen to enter the market.

Vendors Added by Founding Year

■ 1996-2007 ■ 2008-11 ■ 2012-13 ■ 2014-16

Report Added	1996-2007	2008-11	2012-13	2014-16
12-16	21%	42%	33%	4%
06-17	20%	13%	13%	53%
12-17	17%	33%	8%	42%
06-18	45%	18%	18%	18%

A closer look at the new vendors confirms they are more mature: average employment for the eleven vendors added during this period is 85 per company, which is substantially higher than the average for vendors added during the previous two periods. The five companies founded before 2008 are even larger, with 135 employees per firm, compared with 43 per company for the other six new vendors.

Employees per Vendor
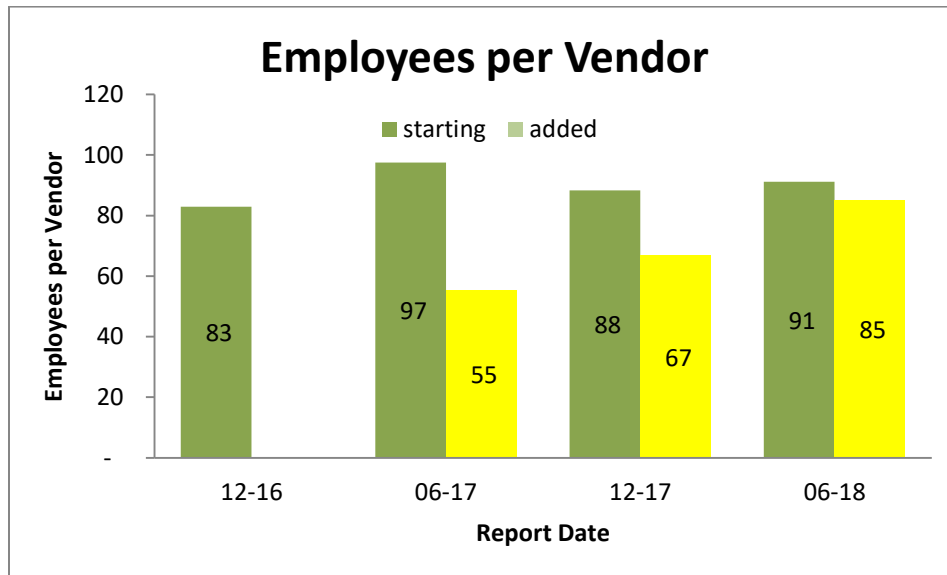
Vendor Categories

The second big industry shift has been going on longer.   Nearly half of the vendors in the original report offered primarily data access functions – the core CDP capability. But the great majority of vendors added since then have provided access, analytics and engagement capabilities.
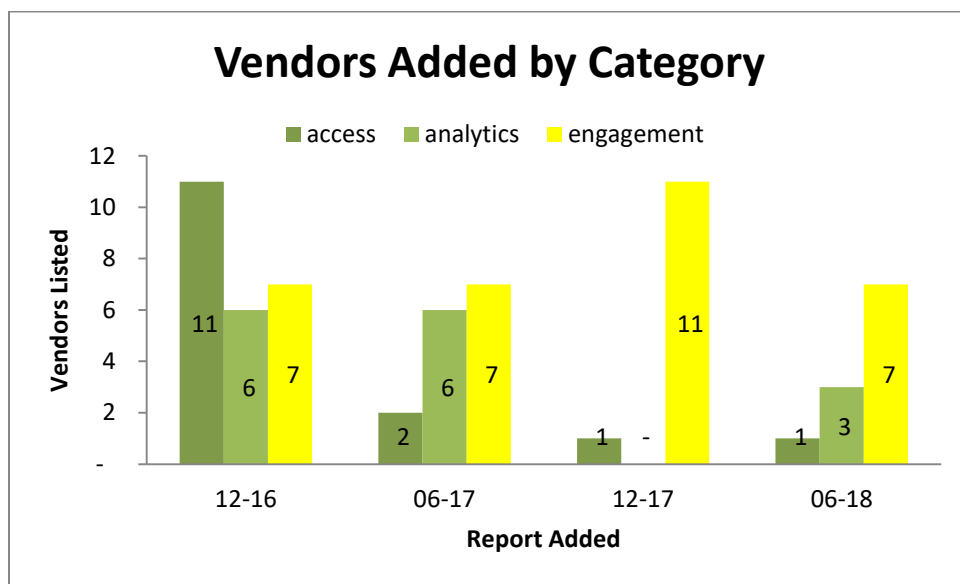
These vendors now account for half of the industry.

Vendors by Category

Share of Vendors

legend: ■ access ■ analytics ■ engagement

Report Date	access	analytics	engagement
12-16	46%	25%	29%
06-17	33%	31%	36%
12-17	27%	24%	49%
06-18	24%	24%	52%

Report Date
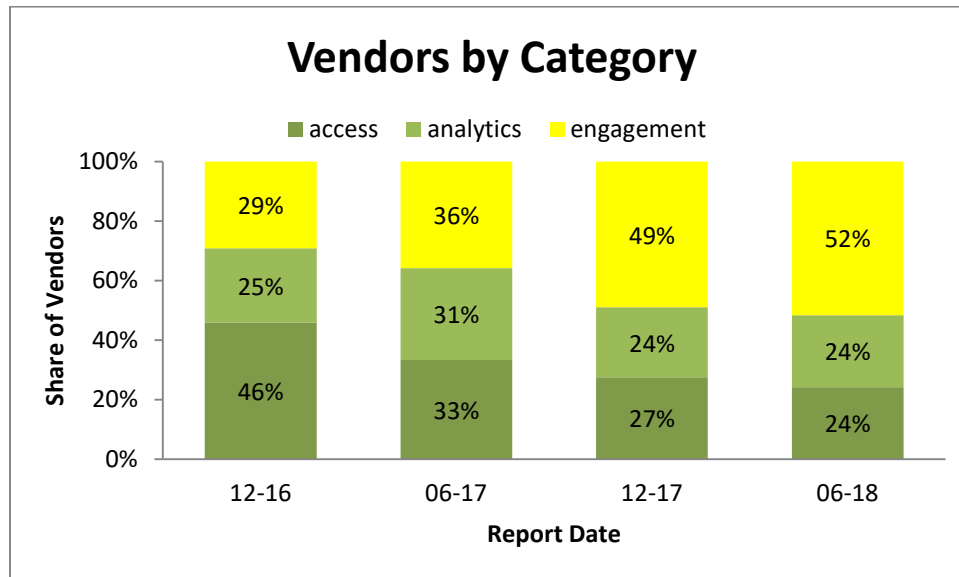
Employment

Total employment grew by 1,336 during the report period, including 935 employees at newly-added vendors and 401 employees at previously-listed vendors.   This is a 9% growth rate among previously-listed vendors, consistent with the previous period but down from 17% in the period before that.

Industry employment has also shifted heavily towards engagement vendors, although not as quickly as the vendor count. This is because the access vendors are slightly larger, although the gap is shrinking.

Employment by Category

Share of Employment

legend: ■ access ■ analytics ■ engagement

Report Date	access	analytics	engagement
12-16	57%	23%	20%
06-17	48%	23%	28%
12-17	38%	21%	41%
06-18	32%	20%	49%

Report Date

Employment per Vendor by Report Date

■ 12-16 ■ 06-17 ■ 12-17 ■ 06-18

Share of Employment

Category	12-16	06-17	12-17	06-18
access	103	117	115	118
analytics	75	62	73	74
engagement	58	65	70	85
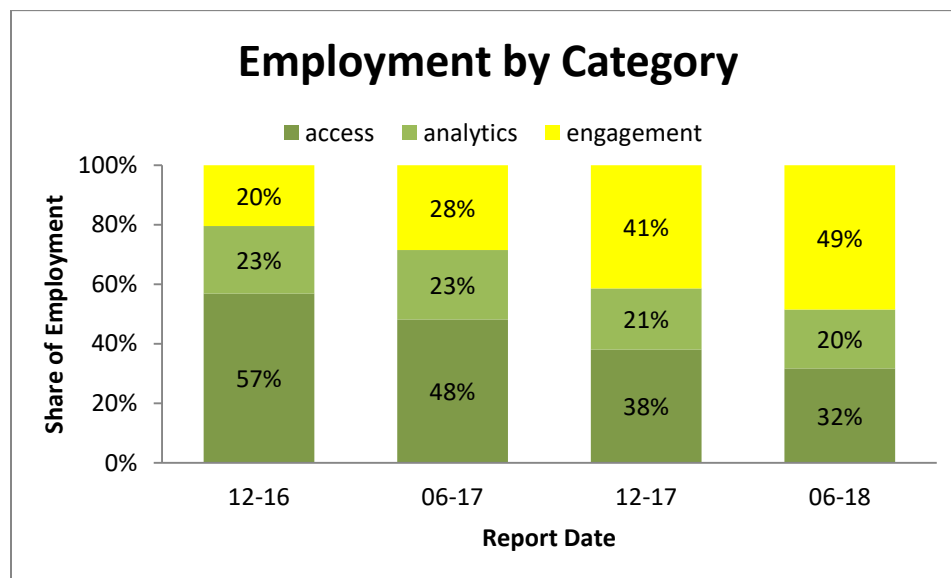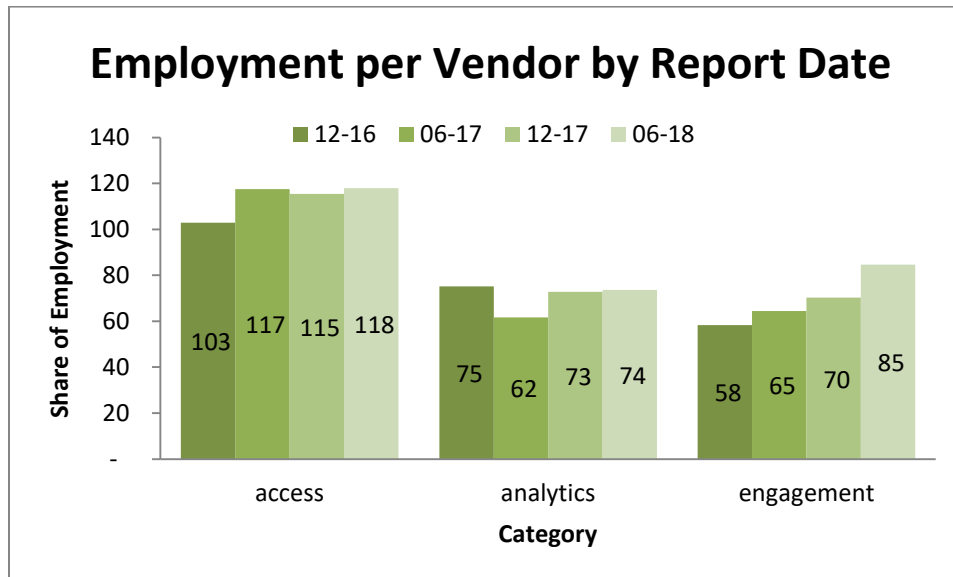
Despite the major shift from access to engagement vendors, the over-all structure of the industry has remained fairly stable. The largest 10% of vendors account for 32% of employment, the same as in the first report. The share of employment for the largest 25% of companies has grown from 51% to 58%.

Employment by Company Size

Share of Employment

Report Date	top 10%	11-25%	25-50%	50-75%	75-100%
12-16	32%	19%	28%	15%	6%
06-17	30%	27%	24%	14%	5%
12-17	29%	27%	23%	15%	5%
06-18	32%	26%	23%	14%	5%
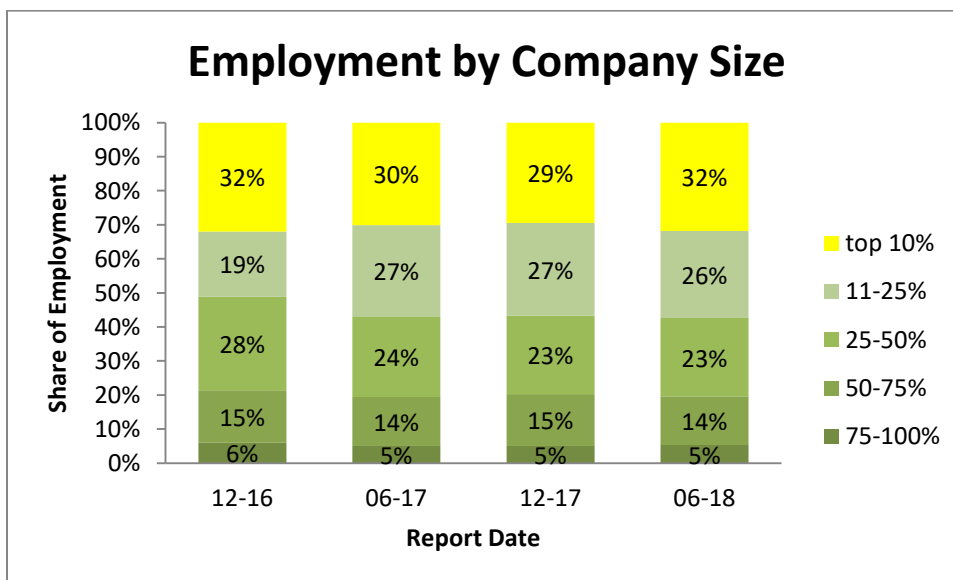
Funding

New industry funding totaled $114 million for the period. This was half the level of the previous six months but still higher than the period before that.

Funding Added by Category

access · **analytics** · **engagement**

Funding Added ($ millions)

- $120
- $100
- $80
- $60
- $40
- $20
- $-

Report Added	access	analytics	engagement
06-17	$43	$23	$25
12-17	$103	$79	$20
06-18	$45	$14	$55
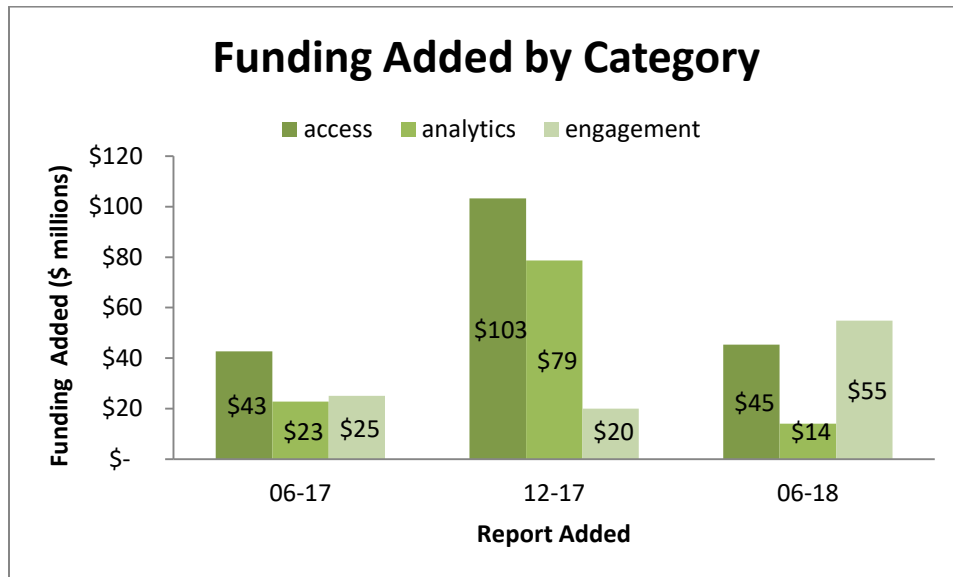
Funding has lagged the industry shift towards engagement vendors. Access vendors have received just under half of all funding, a share that has not changed significantly over the four reports. Engagement vendors did receive more than half the funding during the most recent period.

Funding by Category

access · **analytics** · **engagement**

Share of Funding

Report Date	access	analytics	engagement
12-16	49%	13%	39%
06-17	49%	14%	38%
12-17	49%	17%	34%
06-18	48%	17%	35%
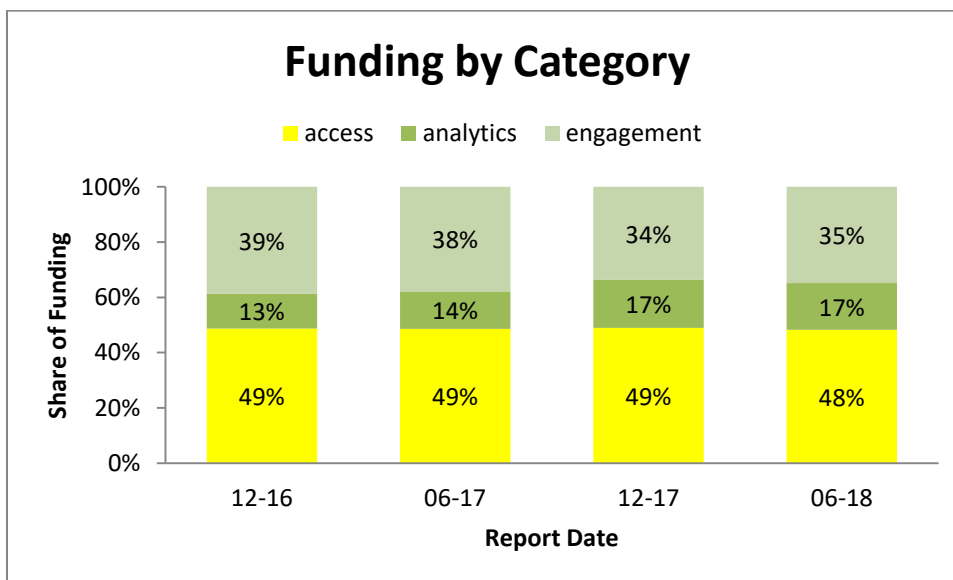
The number of funding events also dropped by half, from ten to five. Average raise was substantially larger for access vendors than other categories.

Funding Event Size by Category
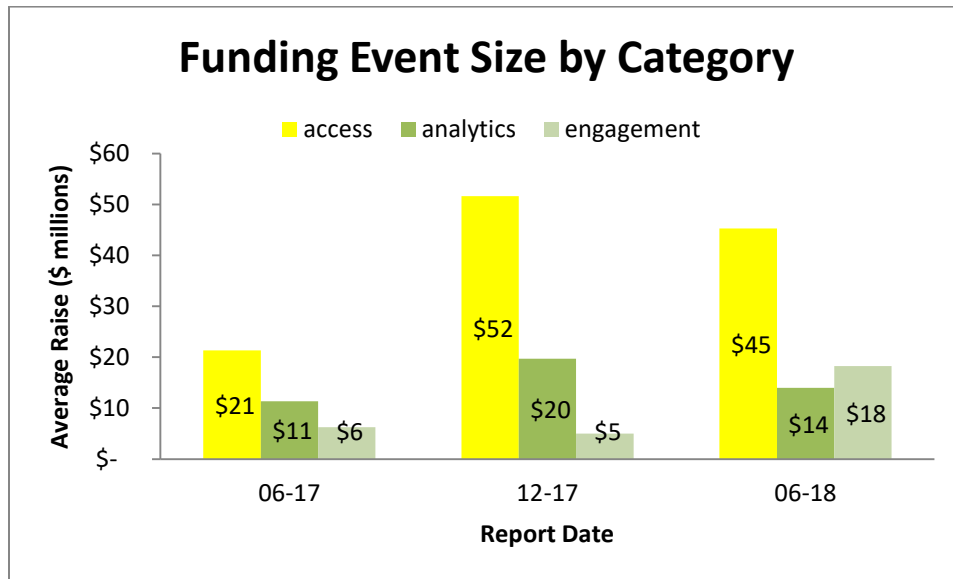
The average funding per vendor has continued to drop as new vendors enter the industry with substantially less funding than current vendors.

Funding per Vendor
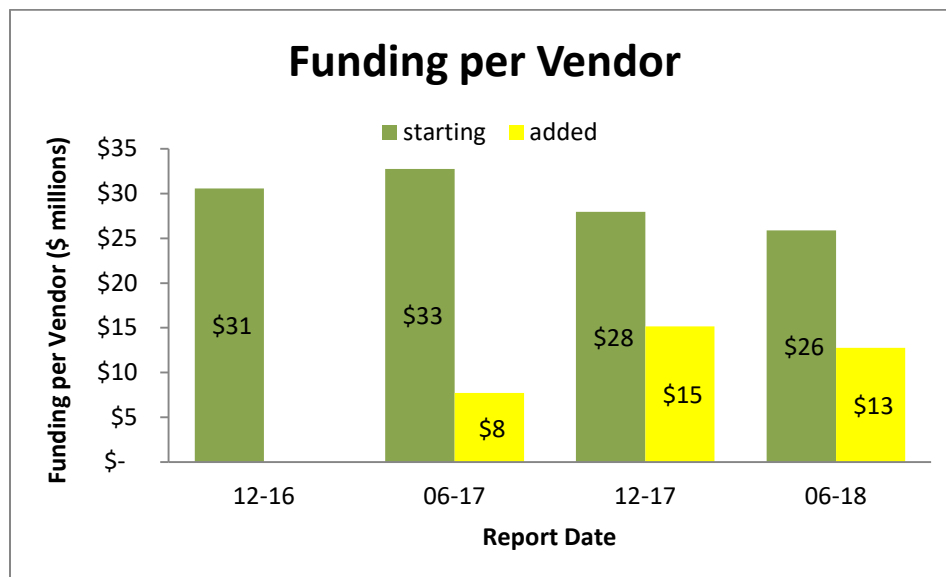
Major Funding Events		
Vendor	amount ($ millions)	date
Reltio	$45.0	5/24/2018
Zaius	$30.0	4/12/2018
UserMind	$23.5	1/17/2018
Lytics	$14.0	4/3/2018
CaliberMind	$1.3	12/01/17

Regions

The European CDP industry added vendors and employment at higher rates than the U.S. or Asia Pacific during the period. The European industry increased by 33% more vendors and 42% more employees, compared with 21% and 30% growth in the U.S. Asia/Pacific added no new vendors and 11% more employment. All new funding went to U.S. companies.
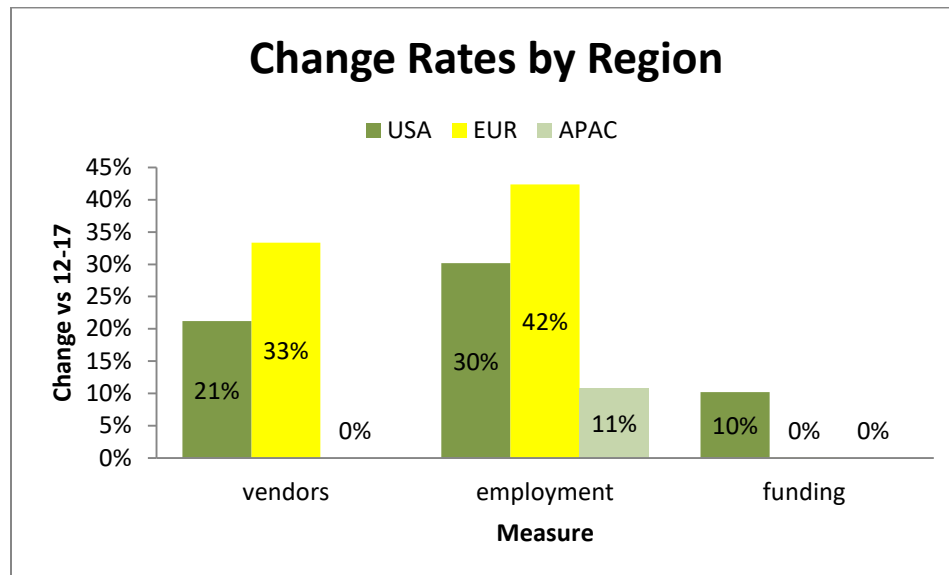
Higher growth rate in Europe, and to a lesser extent in Asia, has resulted in a reduction of the U.S. share of vendors and employees over time. The U.S. share of funding has actually grown, although some funding outside the U.S. may not be captured in the statistics.
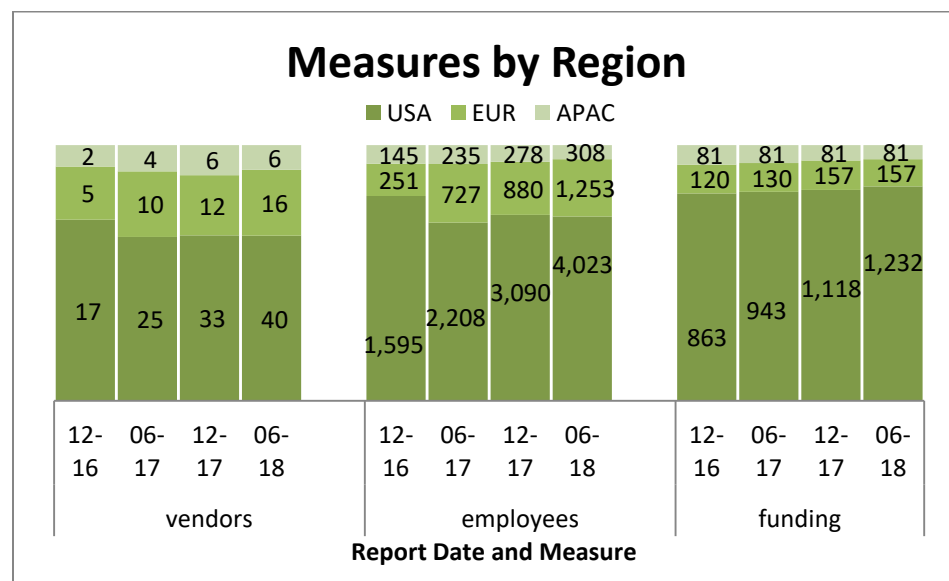
Employment in all regions has been shifting towards engagement vendors. Two-thirds of European employment is already in the engagement category, much higher than the U.S. (45%) and Asia-Pacific (25%).

Categories by Region

Legend: access, analytics, engagement

Report Date and Region	USA	EUR	APAC

USA:
- 12-16: access 62%, analytics 18%, engagement 20%
- 06-17: access 55%, analytics 23%, engagement 22%
- 12-17: access 42%, analytics 20%, engagement 38%
- 06-18: access 35%, analytics 20%, engagement 45%

EUR:
- 12-16: access 21%, analytics 42%, engagement 37%
- 06-17: access 29%, analytics 18%, engagement 54%
- 12-17: access 23%, analytics 17%, engagement 60%
- 06-18: access 19%, analytics 15%, engagement 66%

APAC:
- 12-16: access 64%, analytics 36%, engagement 0%
- 06-17: access 46%, analytics 41%, engagement 13%
- 12-17: access 42%, analytics 35%, engagement 23%
- 06-18: access 42%, analytics 33%, engagement 25%

Y-axis: Share of Employment (0% to 100%)

Average funding per company remains substantially higher in the U.S. than other regions. The average is falling across all regions as firms with less funding enter each market.

Funding per Vendor by Report Date

Legend: 12-16, 06-17, 12-17, 06-18

Y-axis: Funding per Vendor ($ millions), $- to $60

Region	12-16	06-17	12-17	06-18
USA	$51	$38	$34	$31
EUR	$24	$13	$13	$10
APAC	$41	$20	$14	$14
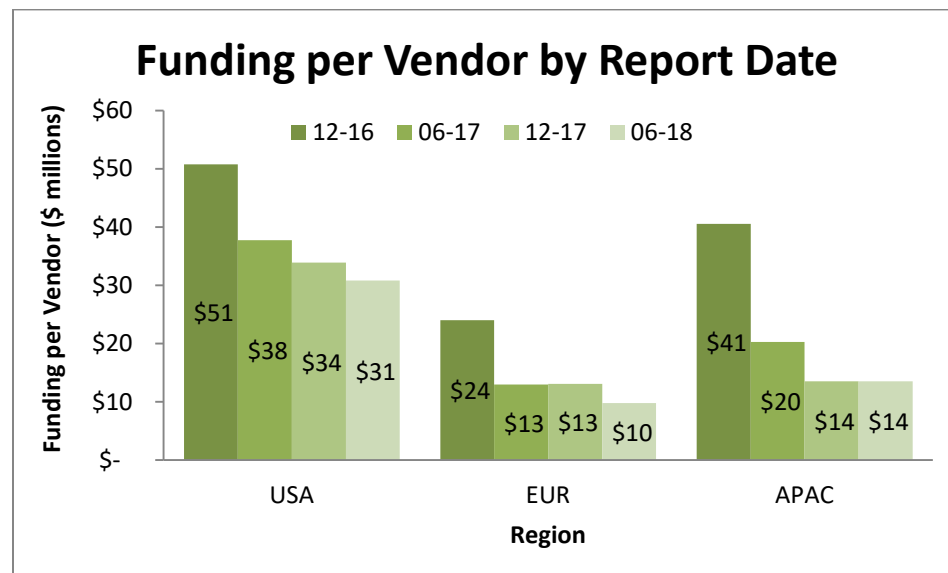
Appendix A. Top Vendors

Employee Growth

name	Report Added	Region	Category	Founded	Fund 6/18	Emp 1/17	Emp 7/17	Emp 12/17	Emp 6/18	Emp chg	Emp % chg
Segment	16-Dec	USA	access	2011	$108.72	125	161	205	280	75	37%
Datorama	16-Dec	USA	analytics	2012	$50.00	170	224	276	332	56	20%
NGDATA	16-Dec	EUR	analytics	2012	$46.85	61	76	91	126	35	38%
Optimove	17-Dec	USA	engagement	2009	$20.00			148	183	35	24%
Zaius	17-Jun	USA	engagement	2012	$50.80		42	61	93	32	52%

Employee Growth Rate

name	Report Added	Region	Category	Founded	Fund 6/18	Emp 1/17	Emp 7/17	Emp 12/17	Emp 6/18	Emp chg	Emp % chg
Lytics	16-Dec	USA	engagement	2012	$23.30	34	39	47	75	28	60%
Zaius	17-Jun	USA	engagement	2012	$50.80		42	61	93	32	52%
CaliberMind	17-Jun	USA	engagement	2015	$4.40		10	14	21	7	50%
NGDATA	16-Dec	EUR	analytics	2012	$46.85	61	76	91	126	35	38%
Amperity	17-Jun	USA	analytics	2016	$37.00		34	45	62	17	38%

Employment

name	Report Added	Region	Category	Founded	Fund 6/18	Emp 1/17	Emp 7/17	Emp 12/17	Emp 6/18	Emp chg	Emp % chg
Tealium	16-Dec	USA	access	2008	$112.90	291	335	352	371	19	5%
IgnitionOne	18-Jun	USA	engagement	2004	$80.20				334	-	0%
Datorama	16-Dec	USA	analytics	2012	$50.00	170	224	276	332	56	20%
Segment	16-Dec	USA	access	2011	$108.72	125	161	205	280	75	37%
Reltio	16-Dec	USA	access	2011	$117.00	120	188	228	247	19	8%

Funding

name	Report Added	Region	Category	Founded	Fund 1/17	Fund 7/17	Fund 12/17	Fund 6/18	Emp 12/17	Emp 6/18
Reltio	16-Dec	USA	access	2011	$32.00	$72.00	$72.00	$117.00	228	247
Tealium	16-Dec	USA	access	2008	$112.90	$112.90	$112.90	$112.90	352	371
Segment	16-Dec	USA	access	2011	$44.60	$44.72	$108.72	$108.72	205	280
Ensighten	16-Dec	USA	access	2009	$108.50	$108.50	$108.50	$108.50	80	73
Signal	16-Dec	USA	access	2009	$81.50	$81.50	$81.50	$81.50	183	188

Appendix B. All Vendors

name	Report Added	Region	ClassCode	Founded	Fund 12/17	Fund 6/18	Emp 12/17	Emp 6/18
ActionIQ	6/17	USA	analytics	2014	$ 45.0	$ 45.0	55	62
Advanced InSight	6/17	USA	analytics	2012	$ -	$ -	3	3
Agilone	12/16	USA	engagement	2006	$ 41.0	$ 41.0	111	110
Aginity	12/16	USA	analytics	2005	$ 13.8	$ 13.8	80	72
Alterian	6/18	USA	engagement	1997	$ -	$ -		77
Amperity	6/17	USA	analytics	2016	$ 37.0	$ 37.0	45	62
Ascent360	12/17	USA	engagement	2014	$ 1.9	$ 1.9	23	29
BlueConic	12/16	USA	engagement	2010	$ 13.8	$ 13.8	57	57
BlueShift	6/17	USA	analytics	2014	$ 10.6	$ 10.6	48	58
BlueVenn	12/16	USA	engagement	2013	$ -	$ -	49	51
Boxever	12/16	EUR	engagement	2011	$ 19.0	$ 19.0	66	74
CaliberMind	6/17	USA	engagement	2015	$ 3.1	$ 4.4	14	21
Camp de Bases	12/17	EUR	engagement	2011	$ -	$ -	26	26
Celebrus/D4T4	6/18	EUR	access	1999	$ -	$ -		120
CommandersAct	12/16	EUR	access	2010	$ 8.2	$ 8.2	57	60
ContactLab	6/18	EUR	engagement	1998	$ 4.0	$ 4.0		209
CrossEngage	6/17	EUR	engagement	2015	$ 6.0	$ 6.0	46	37
Datalicious	12/16	APAC	analytics	2007	$ -	$ -	44	48
Datorama	12/16	USA	analytics	2012	$ 50.0	$ 50.0	276	332
Ensighten	12/16	USA	access	2009	$ 108.5	$ 108.5	80	73
Eulerian	12/16	EUR	analytics	2002	$ 5.3	$ 5.3	57	59
Evergage	12/17	USA	engagement	2010	$ 26.3	$ 26.3	96	105
FanThreeSixty	6/18	USA	engagement	2011	$ -	$ -		65
FirstHive	12/17	APAC	engagement	2016	$ -	$ -	4	5
Fospha	12/16	EUR	engagement	2014	$ 24.7	$ 24.7	25	29
Gamooga	12/17	APAC	engagement	2014	$ -	$ -	31	41
Hull.io	12/16	USA	access	2013	$ 2.6	$ 2.9	56	61
IgnitionOne	6/18	USA	engagement	2004	$ 80.2	$ 80.2		334
Jahia / Unomi	6/17	EUR	engagement	2002	$ 22.5	$ 22.5	67	71
LeadBoxer	6/18	EUR	analytics	2014	$ 0.6	$ 0.6		7
Lemnisk/Vizury	6/17	APAC	engagement	2008	$ 27.0	$ 27.0	30	30
Lexer	6/17	APAC	analytics	2008	$ -	$ -	53	55
Lytics	12/16	USA	engagement	2012	$ 9.3	$ 23.3	47	75
Marketing G2	6/18	USA	engagement	2002	$ -	$ -		27
mParticle	12/16	USA	access	2013	$ 76.3	$ 76.3	106	116
NectarOM	12/17	USA	engagement	2014	$ 2.1	$ 2.1	22	17
NextUser	12/16	USA	engagement	2013	$ 2.3	$ 2.3	20	19
NGDATA	12/16	EUR	analytics	2012	$ 46.8	$ 46.8	91	126
Nominow	6/17	EUR	access	2015	$ -	$ -	12	13
ONEcount	12/17	USA	access	1996	$ -	$ -	6	3
Optimove	12/17	USA	engagement	2009	$ 20.0	$ 20.0	148	183
Piwik Pro	6/18	EUR	engagement	2013	$ 2.0	$ 2.0		77
PRDCT	6/18	EUR	analytics	2014	$ -	$ -		7
Quaero	6/17	USA	engagement	2014	$ 4.1	$ 4.1	76	76

QuickPivot	12/17	USA	engagement	2013	$ -	$ -	144	145
RedEye	6/17	EUR	engagement	1997	$ -	$ -	189	191
RedPoint Global	12/16	USA	engagement	2006	$ 23.7	$ 23.7	152	148
Rekener	6/18	USA	analytics	2015	$ 4.9	$ 4.9		21
Reltio	12/16	USA	access	2011	$ 72.0	$ 117.0	228	247
Segment	12/16	USA	access	2011	$ 108.7	$ 108.7	205	280
SessionM	12/17	USA	engagement	2011	$ 73.5	$ 73.5	173	182
Signal	12/16	USA	access	2009	$ 81.5	$ 81.5	183	188
Splio	12/17	EUR	engagement	2001	$ 12.0	$ 12.0	112	112
Tealium	12/16	USA	access	2008	$ 112.9	$ 112.9	352	371
Treasure Data	12/16	APAC	access	2011	$ 54.1	$ 54.1	116	129
Umbel	12/16	USA	access	2010	$ 32.9	$ 32.9	71	56
UserMind	6/18	USA	engagement	2013	$ 22.1	$ 45.6		56
Velocidi	6/18	USA	analytics	2009	$ 12.0	$ 12.0		34
Yeti Data	6/17	USA	access	2013	$ 1.0	$ 1.0	12	10
Ysance	6/17	EUR	access	2005	$ 5.6	$ 5.6	132	134
Zaius	6/17	USA	engagement	2012	$ 20.8	$ 50.8	61	93
ZenIQ	12/17	USA	engagement	2015	$ 4.6	$ 4.6	17	13
Zylotech	6/17	USA	analytics	2014	$ -	$ -	74	91

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.