The State of Martech 2024

by Scott Brinker and Frans Riemersma

Content

Introduction

Happy 2024 #MartechDay to you!

Or, if you're reading this after May 7, 2024, happy belated #MartechDay to you.

This is the third year we've celebrated the first Tuesday in May as #MartechDay to recognize the martech profession and all the wonderfully talented individuals who work in it. We've chosen this day to release our annual update to the martech landscape, to host the year's Stackie Awards, and now to publish this *State of Martech* report.

You might expect a report about martech in the spring of 2024 to be entirely focused on AI. After all, as one sponsor quipped, it seems that every proper sentence in our industry right now must have a noun, a verb, and the letters "AI".

To be sure, AI is infused throughout martech at this point. Nearly every major martech vendor has added generative AI features into their products. And hundreds of new martech startups (or seedlings of startups) have been born natively on the back of LLMs. It's ballooned the martech landscape to more than 14,000 products. 14,106 to be exact.

And that's *not* including 3,135 marketing-specific GPTs from OpenAI's GPT Store.

But with such a fury of flashy AI features flying at us every week now, we believe an important structural change in martech stacks is being under-recognized: *composability*.

Composability held the hype cycle for a brief moment in martech, with composable CDPs and composable DXPs, before the buzz of AI drowned out everything else. But it's a concept that is bigger than any one category of marketing platforms. Composability defines the architecture of most martech stacks today. And most customer experiences, when you peel back the covers to see how they were constructed, are composed of data and services coalesced from sources and systems across the business.

Composability thrives in an environment of APIs and open data — two principles that have been gaining momentum throughout the martech industry. We believe they're now at a tipping point of critical mass in most martech stacks. And it's at this pivotal moment that new AI interfaces — *you knew AI would be a part of this somehow* — are enabling apps, agents, analyses, and automations to be quickly composed by marketers and marketing operations professionals without hardcore engineering skills.

Composition is being democratized by AI, which results in more composed creations, which drives more demand for composability in martech products, which enables more innovative ways of composing your operations and experiences, and so on in a virtuous cycle. A flywheel that is spinning faster and faster.

So a major portion of this year's *State of Martech* report is dedicated to a thorough study of real-world composability conducted with 168 marketing professionals. Not only did our research confirm the widespread adoption of composable stack practices, which we're excited to share with you. It also revealed a couple of counterintuitive findings about the economics and governance of composed martech stacks that will almost certainly surprise you. We're quite certain they'll surprise your CFO and CIO.

We're also excited to share with you new research that correlates stack composition with business value for five different industries, from banking and financial services to technology. Not just campaign or marketing value, but the value of the entire company, linked in the form of revenue-per-employee ratio and martech maturity. This is what the martech industry is ultimately trying to achieve: contribute to *company* performance. Our research is a very early attempt to establish this link. It is only a start, but already promising.

Before diving in though, we want to express our deep gratitude to our sponsors: GrowthLoop, MoEngage, SAS, Syncari, and WordPress VIP. Maintaining the martech landscape has become a project of epic proportion, reliant on a team of talented data and software professionals. Our accompanying research takes us hundreds of hours each year to develop and synthesize into reports such as this one. The generosity of

our sponsors enables us to do all this and provide it to you for free. You can support us by supporting them.

Our sponsors had no say in the editorial content of this report. However, with each of them, we interviewed one or two of their thought leaders to curate their perspectives on AI, composability, and many of the other changes reshaping martech as we know it. They're included at the back of this report, and we think you'll find them as educational and enlightening as we did.

Your friends in martech,

Scott Brinker, chiefmartec.com
Frans Riemersma, MartechTribe.com

1. The 2024 Martech Landscape

Since 2011, we've been publishing the annual martech landscape graphic. Over the past 13 years, it has grown exponentially — from 150 products in 2012 to over 14,000 this year.

Because a yearly slide version of this landscape has become such a tradition in the industry, we continue to produce a 16×9 image that can be easily included in presentations and reports such as this one. At some point along the way though — probably when we crossed the 2,000 logo threshold — the image became impossible to read. It's now just a colorful sea of dots, a kind of impressionist representation of the martech industry. We've joked that our path to monetization for this work should be to sell magnifying glasses. Or microscopes. Or electron microscopes.

If you actually want to look at the companies in this landscape, you should visit our interactive version at MartechMap.com. You can search, filter, and zoom. And thanks to data partnerships with Clearbit and G2, you can search and filter on criteria such as employee count, estimated revenue, country of their headquarters, years in business, and G2 ratings.

13 Years of Martech Landscapes

Source: MartechMap

14,106 Products on the 2024 Martech Landscape

Without further ado, here is the 2024 Marketing Technology Landscape:

Martech Landscape in May 2024

Source: MartechMap

It now includes 14,106 products — 27.8% more than the 11,038 on last year's landscape. Since that first landscape in 2011, the overall count of martech solutions has grown a mind-boggling 9,304%. Annualized, the industry has expanded at a 41.8% CAGR.

By sheer count, this phenomenal growth would appear to defy gravity. We take it as a business axiom that consolidation will happen. Lots of companies compete in a category. The best ones grow larger by either pushing out or acquiring their competitors. Economies of scale — at least in the way we think of them in the software industry — accelerate their momentum, and they expand into adjacent categories.

If it's not a winner-take-all outcome, we at least expect the end state to be an oligopoly of two or three giants.

So what gives? Why isn't that the case in martech?

Number of Martech Software Apps Since 2011

9.304% growth over 13 years   **27.8% growth** in the last 12 months

41.8% CAGR

14106

11038

9932

8000

6829 7040

5381

3874

1876

947

350

150

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024
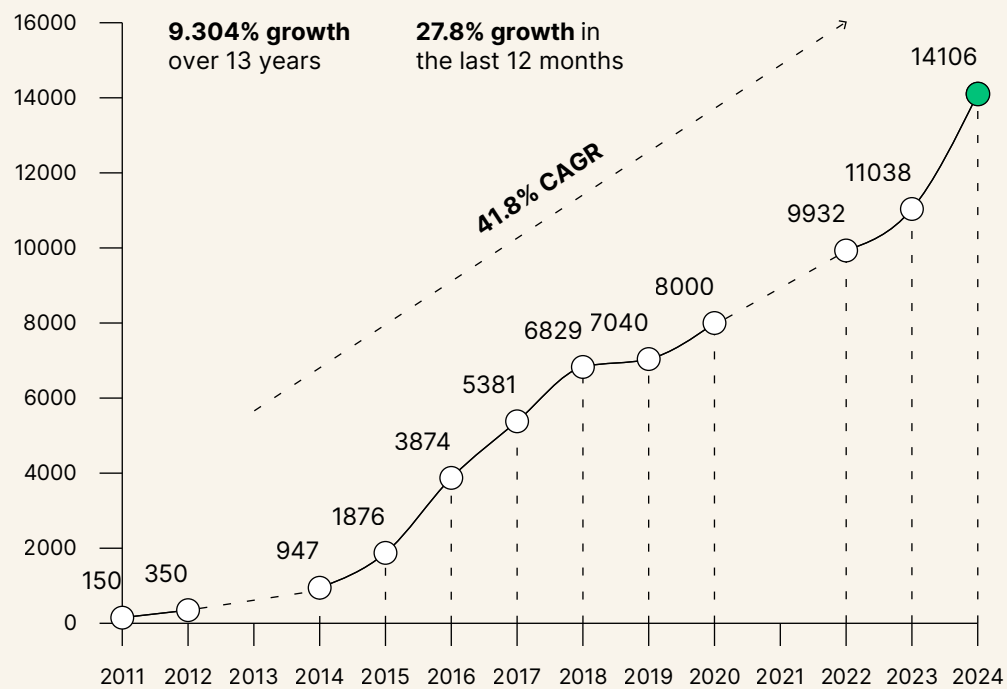
Source: chiefmartec & MartechTribe

A Collision of Consolidation & Anti-Consolidation Forces

There are two answers to that enigma.

The first is that consolidation *does* happen. The martech landscape is a count of products, but it doesn't distinguish the size — in revenue or market share — of those companies. If we were to order the companies

on the landscape by their scale, it would be a long tail.

There are a small number of very large, public companies at the head of the tail — Adobe, Google, HubSpot, Microsoft, Oracle, Salesforce, etc. — with billions of dollars in revenue. They have the largest market share in the categories in which they compete. They continually acquire smaller players to reinforce or expand their dominant positions. These companies are perfect examples of true consolidation in the martech industry.

Then there are hundreds of companies in the "torso" of the tail — leaders within their particular category, vertical, or region — that can grow to hundreds of millions of dollars in revenue.

The rest — thousands and thousands of startups and specialist products — make up "the long tail." They each have less than $100 million in revenue; most less than $10 million.

The Different Types of Long Tail Martech Companies
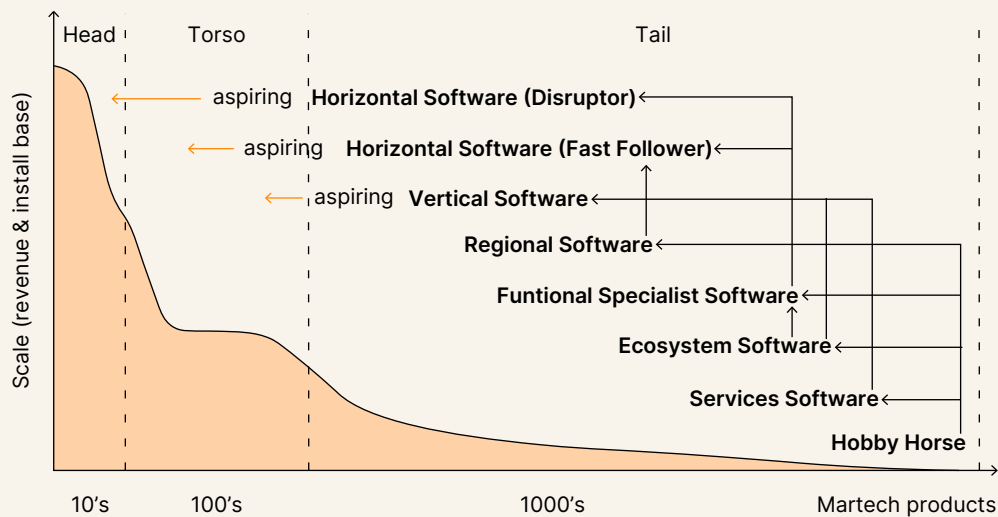
Source: chiefmartec

The forces of consolidation do tend to pull these companies up the tail — or out of the market. But the strength of those upward-or-outward magnetic forces appears to have weakened as time has gone by.

Every year, we see a few examples of new breakthrough startups that race up the curve, almost always to be acquired by one of the big fish in the head or torso of the tail. But most companies spend their time slowly jostling their way through the tail without achieving breakout velocity.

What's interesting is that they don't seem to drop out of the market at the rate at which most people — including us — might have expected.

From 2023 to 2024, we only had 263 products removed from the landscape. That's only a 2.1% churn rate from last year's cohort. That includes acquisitions, pivots, and plain going out of business. That is a surprisingly small fraction. Now, that doesn't mean these are all thriving businesses. Some may have shifted into a low-overhead, lights-on mode that is sustainable, at least for a while, but is the start of a slow fade rather than a spectacular fail.

Now, we know that some people will immediately respond, "But *this* year, you'll see most of these go poof! Because of no more funding. Or because AI will cannibalize their business. Or because CFOs will insist that all these small SaaS subscriptions be turned off. Or because the total eclipse this past April reinvigorated the Earth's magnetic forces of industry consolidation. Or because..."

Such predictions may very well come true this year. However, we've been hearing variations of those same predictions every year for more than a decade in this industry. When the empirical data comes out the following year though — at least to date — those confident predictions have failed to materialize. Again, that's not to say they won't come to pass this next year. But the poor track record of predictions in this highly dynamic industry has made us skeptical of forecasting outcomes.

Consolidation is happening. But it's happening at a slower pace.

This is confounded by the second answer to why the landscape hasn't shrunk. The inflow of new software ventures entering the market continues to outpace the rate of exits. Thanks in large part to generative AI, we've seen a massive acceleration of new martech startups — more than 3,000 new products were added to the martech landscape in the past 12 months.

That's more net new martech products in this last year than the entire first 5 years of charting this landscape. As technology continues to advance and evolve — and marketing practices race to adapt to new implications and opportunities from those changes — inventors, experimenters, and entrepreneurs continually develop new martech ideas and innovations in the long tail.

"But who is funding all these long tail martech products?" you might ask in bewilderment. "Surely the expected returns in such a competitively saturated market makes a poor investment opportunity for venture capital?" In a lot of cases, that's true. Most of these long tail martech businesses aren't a good fit for venture investment — at least not the VC model that dominated the past 20 years of SaaS.

But the twist here is that a lot of capital isn't required to start most of them. People sometimes assume that if VC funding dries up, that will stem the tide of new martech startups. But that fails to recognize that the largest number of martech startups are already not institutionally funded.

The costs to build and deploy software continue to plummet. The latest wave of AI copilots for developers are driving these costs — in time, talent, and capital — down further and faster. For a lot of innovative ideas, if you have a niche go-to-market strategy that will enable you to find a foothold, a small team can create a viable small business.

Will many of those grow into large businesses? No. But not everyone aspires to that. Keep in mind, there are an estimated 433,410 advertising/marketing agencies in the world[1]. That's about 30X more such businesses than there are products in the martech landscape. Most of them are small businesses, and almost none of them are institutionally funded. But that doesn't stop them from playing a vital role in the marketing industry's ecosystem.

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[1] www.ibisworld.com

The Fusion of Software and Services by AI

Are small software companies going to increasingly look like small services businesses? Quite likely. Which isn't that far of a stretch for the original concept of SaaS: software-as-a-*service*.

Vice versa, we are seeing more services companies build software products. We generally don't include those in the martech landscape. But to be honest, those lines are getting more blurry and harder to discern every year.

The First and Second Ages of Martech

	1st Age of Martech 2000's/ 2010's	2st Age of Martech 2020's
Commercial Software	Suite vs. Best-of-Breed	Platform Ecosystems
Professional Services	Software vs. Services	Blended Models of Software & Services
Custom Software	Built vs. Buy	Custom Apps on Commercial Platforms
	X or Y	X and Y

Increasing convergence in the cloud

Source: chiefmartec

We anticipated this evolution in 2019, expecting that the "Second Age of Martech" in this decade would see the convergence of previously strict dichotomies. Suite vs. best-of-breed arguments would give way to open platform ecosystems. Build vs. buy debates would be similarly disrupted by people building more custom applications on top of commercial platforms. And the distinction between software vs. services companies would give way to more blended models of software and services.

All three of these winds of change have materialized and are intensifying.

We believe AI will dramatically accelerate these trends even further. More and more "services" businesses will be powered by AI agents and models. If evaluated purely on their functionality, these would qualify as martech products. They will give these firms enormous technological leverage.

The 1-Person, $1 Billion Company

Source: Alexis Ohanian on X/Twitter

Taken to an extreme, Sam Altman, the CEO of OpenAI, has predicted that we'll see the first 1-person, $1 billion company in the years ahead. One person orchestrating an army of AI agents, with a moat based on proprietary data and algorithms, reinforced by network effects.

While that scenario might sound like science fiction at the moment, it's much less of a leap to imagine small agencies, consultancies, and managed solutions providers wielding AI software to amplify their

unique talents and expertise to build multi-million dollar firms with only a handful of employees. All of them offering servicized products or productized services.

In such a future — what we suspect may be a rather near future — the number of "products" on the martech landscape may become an anachronism.

Tech Stacks Are Being Rationalized, Yet Are Still Large

Today though, tech stacks are still largely composed of discrete SaaS products and platforms. If the martech landscape represents the supply of our industry, tech stacks represent the demand.

As with the supply, people have been predicting that the size of tech stacks was going to shrink over this past year as demand tightened. From a high point in the peak pandemic years — when companies madly rushed to add all kinds of new digital capabilities — the leaner macroeconomic environment of the past couple of years has forced companies to take a more disciplined approach to managing their tech stacks. They've worked to eliminate duplicate apps, reduce the number of underutilized apps (or at least the number of unused seats in those apps), and shut down apps that they believe aren't providing sufficient ROI.

We call this process *stack rationalization*, rather than stack consolidation. Because ultimately, the process should be about optimizing for the right capabilities in your stack, rather than blindly saying that less is always more.

That said, looking at data from a couple of different SaaS management platforms — Zylo and Productiv — tech stacks have gotten smaller in the past year, on average by around 10%.

Average Saas Portfolio Size 2023-2024
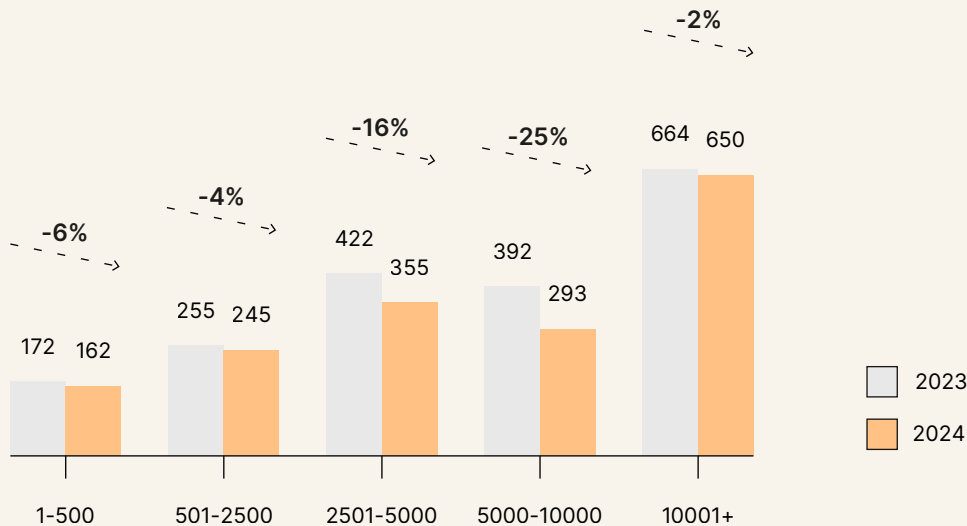
Source: Zylo, 2023 & 2024 SaaS Management Index Reports

It's important to note that this data from Zylo and Productiv is, like the martech landscape, empirical in nature. Rather than surveying people to ask them how many apps they have in their stack — which people consistently underestimate, often by as much as an order of magnitude — these SaaS management platforms connect to one's financial and IT governance systems to inventory the true count of SaaS subscriptions that are being authenticated and/or paid for. Zylo and Productiv then publish the aggregate statistics of these tech stacks from across their install base.

Yet while this data shows that tech stacks have shrunk, they haven't shrunk by much. In Zylo's dataset, small businesses (fewer than 500 employees) reduced their stacks by just 6%, from 172 to 162 apps. In Productiv's dataset, small businesses reduced their stacks by 10% — but from 241 to 217 apps. That's still quite a lot of SaaS!

Mid-market businesses (501-2,500 employees in Zylo's classification, 500-2,000 employees in Productiv's classification) shrank their tech stacks only 4%, from 255 to 245 apps, in Zylo's dataset. In Productiv's dataset, they shrank 10%, from 347 to 314 apps.

Average Saas Portfolio Size 2021-2023
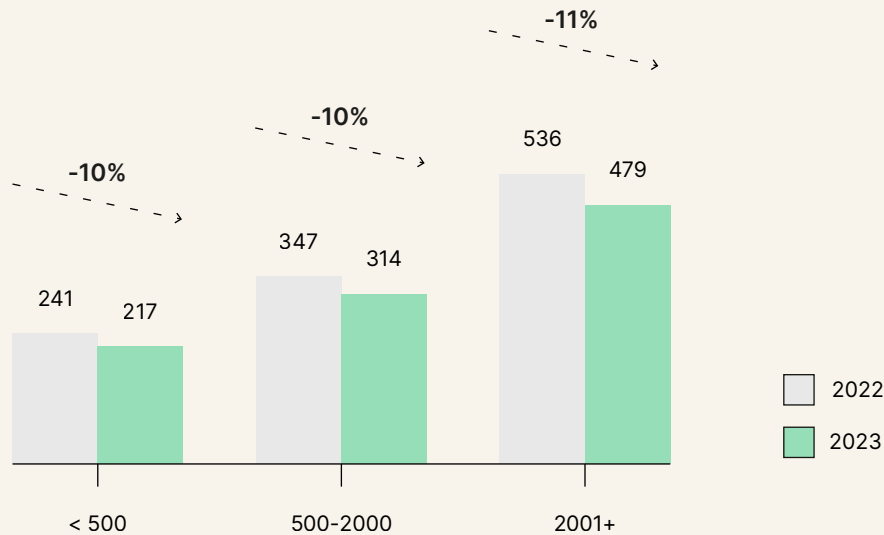
Source: Productiv

This is not massive stack consolidation. This is modest stack rationalization.

If these still seem like large numbers to you, it's important to remember that stacks contain apps of many different sizes. We tend to readily think of the handful of major platforms in our martech stack, such as our CRM, CDP, DXP, MAP — those categories of products large enough to have well-known, three-letter acronyms. But these are often complemented by dozens of smaller specialist apps.

For instance, a martech stack often includes multiple tools for creative content generation, an events or webinar platform, a social media management product, one or more data enrichment services, maybe a direct mail automation app, SEO tools, a customer loyalty or customer success platform, etc. They often include plug-ins to their primary platforms. And, of course, these days, a stack almost almost certainly has a number of experimental AI products in it.

It quickly adds up. But every app can — *should* — play a clear, useful role.

You might think that these smaller apps would eventually be absorbed into larger platforms. Such consolidation does happen to a limited degree.

But specialist apps tend to be good at what they do because of their specialization. Even when they get acquired by larger martech companies — for the sake of growing their acquirer's revenue and expanding the catalog of products their reps can sell — the specialist app often remains a stand-alone product in their portfolio for this reason.

Consistent with the data we've shared in previous years, more mature martech organizations tend to have larger tech stacks. Yet they're more optimized for efficiency and effectiveness. They tend to continually rationalize their stacks, removing tools that have diminished in their impact while adding new ones to embrace emerging opportunities.

As we'll see later in this report, in our comprehensive study of modern martech composability, merging functionality into ever-larger mega platforms doesn't necessarily provide significant economic or governance benefits. In some cases, it counterintuitively has the opposite effect.

The Martech Long Tail 2017-2023

Year	Head	Torso	Tail
2017	22%	28%	50%
2018	16%	28%	56%
2019	21%	33%	47%
2020	14%	37%	49%
2021	20%	32%	48%
2022	14%	34%	52%
2023	13%	36%	51%

0%   100%

■ Head   ■ Torso   ■ Tail
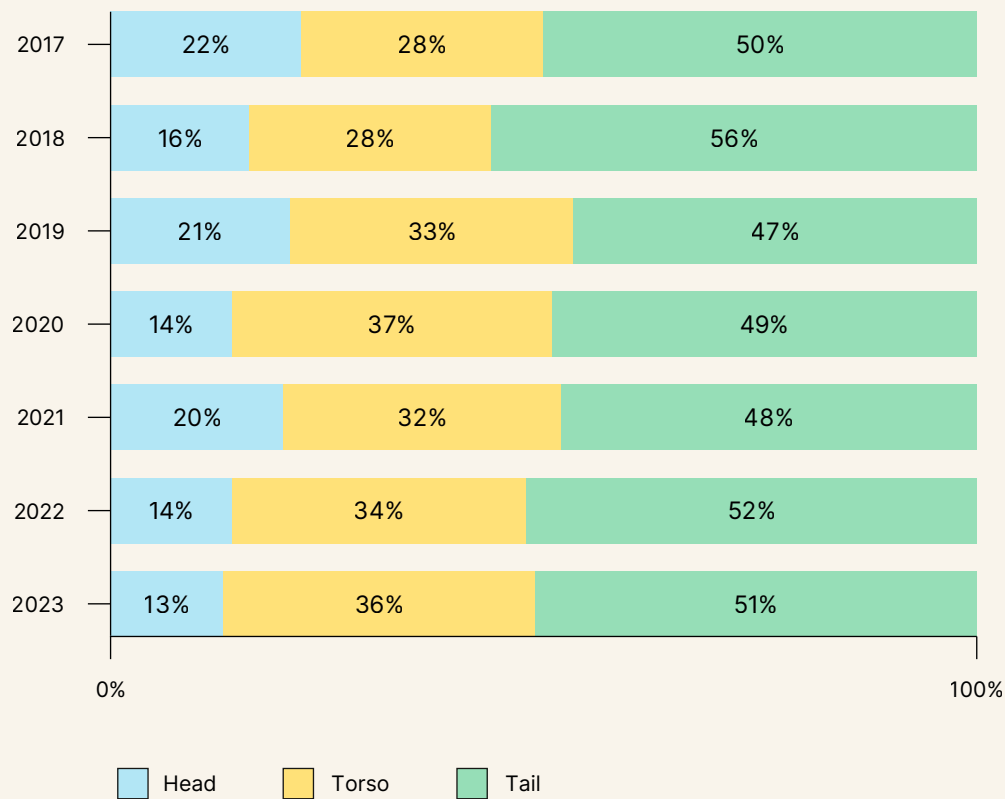
Source: MartechTribe

Even when specialist apps do get merged into larger platforms, the ever-shifting environments of marketing and technology open up opportunities for new generations of specialist apps to arise behind them.

As a result, looking at our database of more than 1,500 martech stacks collected over the past seven years, we've seen that the distribution of head, torso, and long tail apps has remained relatively constant. On average, about half of the products in martech stacks are consistently long tail apps. Some may be long-term specialist apps. Some may be new specialist apps. But that segment of the martech stack shows no evidence of fading away.

Are GPTs Martech Products? It Depends

Should GPTs in OpenAI's GPT Store be considered martech products?

In January 2024, it was estimated that there were over 159,000 GPTs in OpenAI's GPT Store[2]. Out of those, we identified 3,135 that we considered to be martech focused — but didn't qualify for being included in our martech landscape.

In analyzing these non-qualifying — but nonetheless fascinating — GPTs, the vast majority (32.1%) provide content marketing capabilities. The next most popular categories include GPTs to assist with social media marketing (8.4%), SEO (7.6%), collaboration (6.5%), and product management (5.6%).

We did include a few products from OpenAI's GPT Store in our landscape. But only those that had stand-alone websites where they were offering their product beyond the walls of OpenAI. You could argue that some of these are still just GPTs, albeit very lightly wrapped. But our criteria for the martech landscape has never been about *how* products were constructed, but simply that they were offered as products in the open market for marketers to adopt and use.

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[2] https://seo.ai

Arguably, there's a case to be made that *all* GPTs and the next generation of them — AI agents — are or will be legit martech products. They could very well represent the future of software.

Martech GPTs 2024-2025

Category	Value
Content Marketing	1007
Social Media Marketing & Monitoring	262
SEO	239
Collaboration	204
Product Management	176
Sales Automation Enablement & Intelligence	168
Projects & Workflow	166
Video Marketing	160
Optimization Personalization & Testing	145
Audience/Marketing Data & Data Enhancement	141
Email Marketing	74
Search & Social Advertising	70
eCommerce Platforms & Carts	66
Mobile Apps	63
Live Chat & Chatbots	54
Agile & Lean Management	36
Dashboards & Data Visualization	21
Ipaas Cloud/Data Integration & Tag Management	21
CRM	14
Vendor Analysis & Management	12
Talent Management	8
CMS & Web Experience Management	7
AI - Optimization & Testing	4
Customer Experience Service & Success	3
Influencers	3
Mobile Marketing	3
Community & Reviews	2
Affiliate Marketing & Management	1
Display & Programmatic Advertising	1
Governance Compliance And Privacy	1
Marketing Analytics Performance & Attribution	1
Marketing Automation & Campaign/Lead Management	1
Print	1

Source: MartechTribe

GPTs

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A GPT for website creation, design, copywriting, and code. Integrated with DALL·E 3. Powered by B12.
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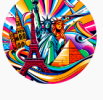By myaidrive.com

Diagrams: Show Me
Diagram creation: flowcharts, mindmaps, UML, chart, PlotUML, workflow, sequence, ERD, databas...
By helpful.dev

Automated Writer
The best way to write anything (blogs, emails, essays, etc). Optimized, researched, and in you...
By Matthew Schlicht

Universal Primer
The fastest way to learn anything.
By Siqi Chen

Travel Guide
Expert on global travel destinations, trip planning, budget building, and exploring the world!...
By capchair.com

Trending
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1   **image generator**
A GPT specialized in generating and refining images with a mix of professional and friendly tone.image generator
By NAIF J ALOTAIBI

2   **Write For Me**
Write tailored, engaging content with a focus on quality, relevance and precise word count.
By puzzle.today

3   **Consensus**
Your AI Research Assistant. Search 200M academic papers from Consensus, get science-based answers, and draft content...
By consensus.app

4   **Scholar GPT**
Enhance research with 200M+ resources and built-in critical reading skills. Access Google Scholar, PubMed, JSTOR, Arxiv, an...
By awesomegpts.ai

Source: https://openai.com

We're keeping an open mind about this metamorphosis. As you'll read in our next section on Composability in Martech Stacks, the structure of software in the cloud is evolving. How we think about martech and marketing operations will need to evolve with it.

2. Composability in Martech Stacks

"Composability" has become quite the buzzword in martech over the past couple of years. We hear about composable CDPs. Composable DXPs. Composable commerce. But what exactly does composability mean? It sounds techy. Perhaps dauntingly too techy?

The core concept, however, is pretty straightforward.

Composability lets you *combine things together to create something new*. The quintessential metaphor is Lego blocks. Easily snap together different blocks to build a little house, or boat, or spaceship. Building small structures with a few dozen or even a few hundred blocks is pretty simple. Building larger structures with thousands of blocks is more challenging. But the hard work there isn't the snapping together of blocks — that's still effortless. It's the design and implementation of something at such an epic scale that takes talent and operational savvy.

The same is true in software composability.

Composability Is Ubiquitous, If Not Always Recognized

Composability — creating by combining things together — isn't new in technology. Almost all software today is built by composing programs from code libraries, frameworks, and API services. Developers stand on the shoulders of giants, standing on the shoulders of giants, standing on the shoulders of giants, to reach ever higher aspirations in what they build.

Spectrum of Composability
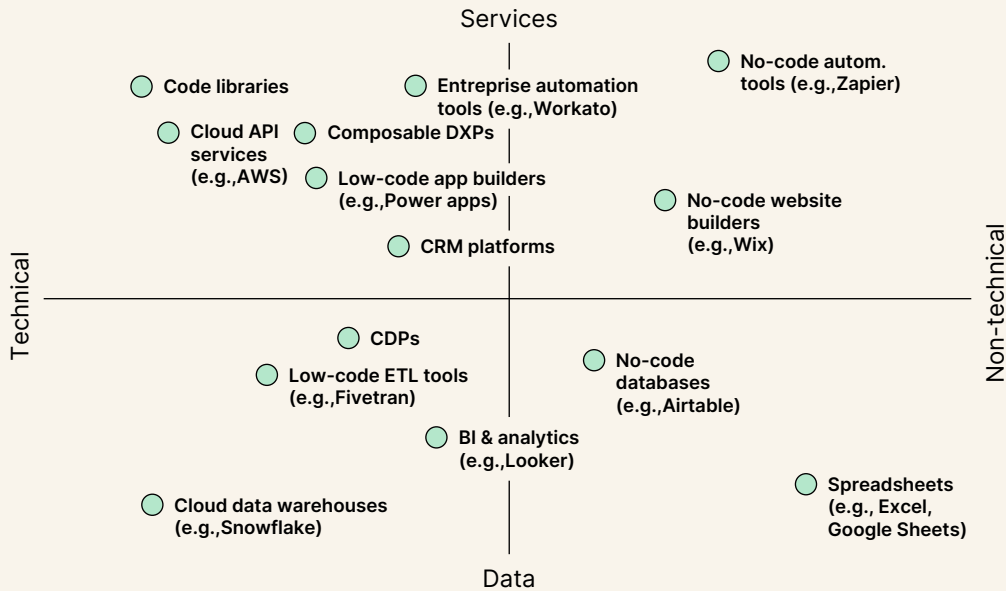
Source: chiefmartec
Note: Products mentioned above are only approximate examples

But composability has also permeated business applications that non-technical users work with every day without thinking about it. Spreadsheets, such as Microsoft Excel and Google Sheets, make it effortless for marketers to combine different data sets together and "compose" budgets, forecasts, models, reports, simulations, project trackers, etc.

As with Lego blocks, assembling small spreadsheets is simple. However, you can certainly create much larger and more complex spreadsheets. But doing so requires more effort and expertise. (Nerdy aside: Excel spreadsheets are Turing complete — meaning they have the capability to perform any computational task, given enough time and resources.)

In the above *Spectrum of Composability*, we've mapped an approximation of different kinds of composability in martech, from technical to non-technical examples, and from compositions of data to services.

Data warehouses are technical and data-oriented. Low-code development platforms, such as Microsoft Power Apps, are technical and service-oriented. No-code databases, such as Airtable, are non-technical and data-oriented. No-code website builders, such as Wix or Webflow, are non-technical and service-oriented. In practice, many composable solutions can sit at different points along this spectrum, supporting less technical users for some use cases, more technical users for others. Many compose both data and services, albeit leaning to one side or the other. CRMs are a good example of platforms that often sit in the middle of this spectrum.

Spectrum of Composability (Shifted with AI)
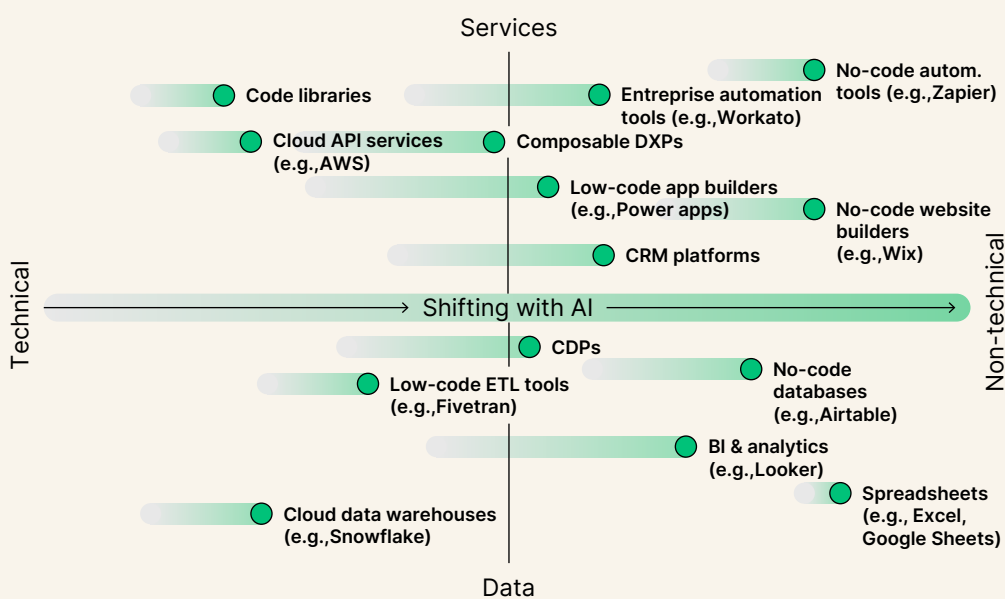
Source: chiefmartec
Note: Products mentioned above are only approximate examples

One of the most exciting things happening with AI is that almost all of these different kinds of composability are shifting to the right, becoming more accessible to more non-technical users. If you can describe what you want in natural language, generative AI interfaces are getting increasingly good at interpreting those requests to generate reports, automate workflows, build small apps and websites, assemble datasets, etc. — without needing to know anything about SQL, Python, HTML, or JavaScript.

There is still debate if non-technical users have sufficient skills in logical reasoning, process design, and programmatic thinking to wield such tools effectively. Metaphorically, even if snapping individual Lego bricks together is effortless, building a 5,800,000-brick Lego replica of London Bridge — yes, people actually did this — takes tremendous design and construction expertise. Can non-technical users successfully produce technically advanced creations with generative AI interfaces without the conceptual architectural skills of a software engineer or professional data analyst?

It's a fair concern, but there are two counter-arguments.

First, most of the things that business users want to create aren't technically advanced. They're often small, low-end use cases that are conceptually simple. In fact, they're so simple that it's previously not been worth the time of expert software engineers or data analysts to tackle the endless stream of such small requests. Such requests have been underserved. Generative AI interfaces that let business users self-serve those requests are a classic example of disruptive innovation, as defined by Clay Christensen.

No-Code & Generative AI — Classic Disruptive Innovation
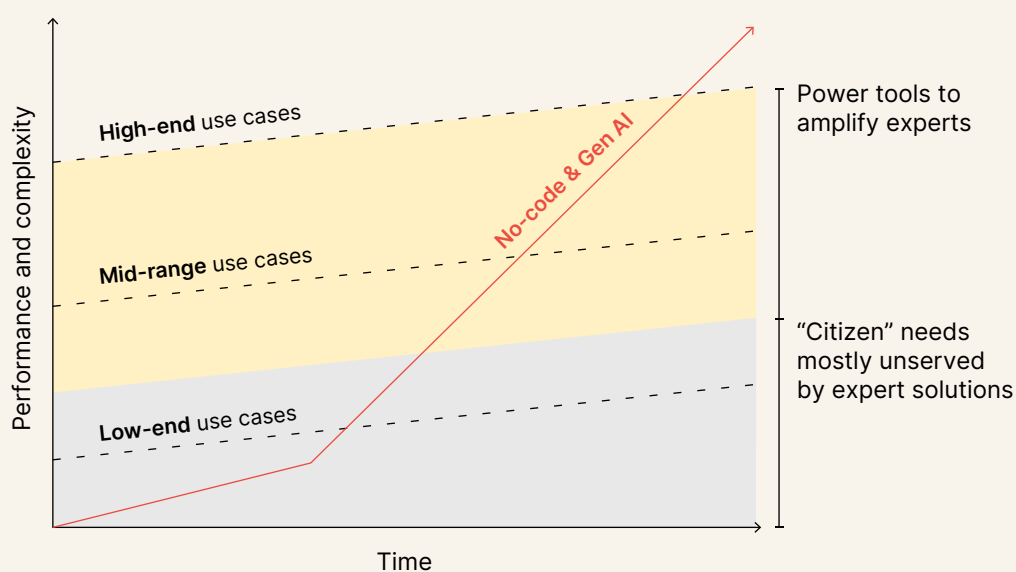
Source: chiefmartec

They're not building London Bridge. They're building a modest Lego cabin. It doesn't require a certified Lego professional.

Second, while business users may not have knowledge of SQL or Python, they often have something that dedicated technical experts lack: deep domain knowledge. A tenured customer success manager likely knows a lot more about the mechanics of how their team works — and what can be done to improve how their team works — than a software developer from IT who knows how to code, but has little or no experience in customer success operations.

There will still be plenty of technically sophisticated mid-range to high-end use cases where technical professionals will be required for their architectural expertise in data and software construction. It's not an either/or dichotomy with self-service solutions on the low-end. It's a both/and unlock of untapped productivity and innovation.

The evolving state of martech: more people will be composing more things.

Composable Stacks vs. Composable Platforms

Let's step back for a moment though and recognize that there are different layers at which things are being composed in an organization.

Any software stack, by definition, consists of multiple apps or platforms. If you only work with a single product for everything you do in marketing, then it's not really a stack. There's nothing "stacked" together with that one product. In mathematical terms, a set with only one object in it is called a singleton. So let's call such a single-product marketing toolset a *singleton stack*.

Today, however, a singleton stack is a purely theoretical construct. Every marketing team of any real scale is working with a stack of multiple products.

Framed a better way: every software stack is composed. It's composed of multiple apps and platforms that combine together to provide a set of business capabilities.

Degrees of Composability

Composed **stack**	Composed **dataset**	Composed **workflow**	Composed **app/website**

Composed Stack

Composable Platforms & Products

Composed Creations

Composed capabilities   **Composed experiences**

Customer experience or employee experience
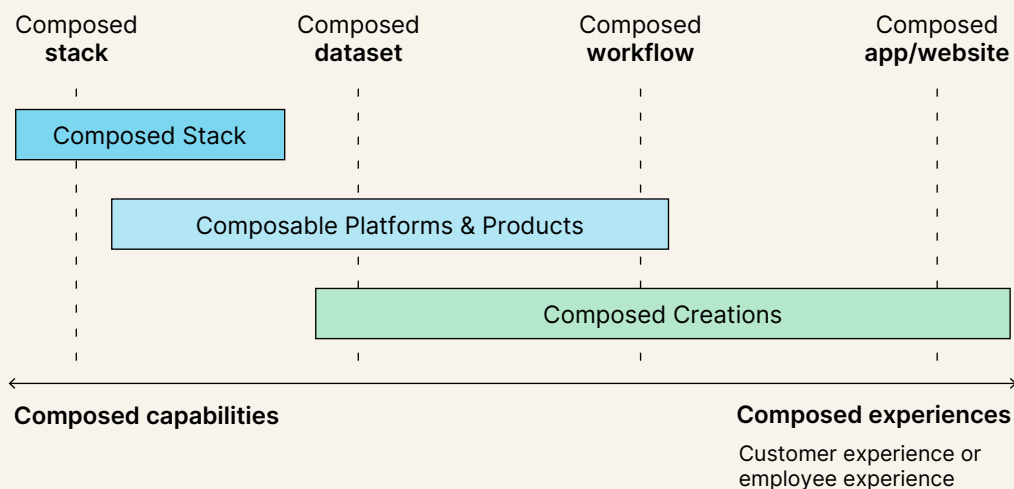
Source: chiefmartec

Within our composed stack, there can be software products that serve as composable platforms. For example, a composable CDP earns its "composable" adjective by enabling marketers to flexibly mix-and-match different ways in which data is collected, modeled, and stored. Often, it's composing datasets from repositories in a data lake or data warehouse.

(We would make the case that data lakes and data warehouses themselves are inherently composable platforms, aggregating different kinds of data from many different sources and enabling that data to feed many different kinds of destination applications.)

As another example, a composable DXP earns its "composable" adjective by enabling web and mobile developers to assemble sites and apps from many different modules of functionality — inside or outside of the DXP product itself — and easily incorporate heterogeneous API-based services into the experiences they build with it.

One of the things to recognize here is that these different composable capabilities are often layered on top of each other. A composed stack may have a (composable) data warehouse, which is leveraged by a composable CDP to create well-structured datasets, which are fed into a composable DXP to build rich, data-powered customer experiences.

It's composability all the way down.

Your stack and any composable platforms in it are *composable capabilities*. You use them to make *composed creations* — composed datasets and composed experiences for customers or employees.

So with this broader view, what is the current state of composability in martech?

Martech Composability Survey Results

Since there are many kinds of composability in martech — not just with products that use the adjective "composable" in front of their category name — we decided to run a survey of martech and marketing ops professionals asking about a broader range of composability in their stacks.

We had 168 participants. 39% were from small businesses (less than 250 employees), 38% were from mid-sized businesses (between 250 and 5,000 employees), and 23% were from larger enterprises (more than 5,000 employees). 60% were B2B businesses, 9% were B2C businesses, and 31% were engaged in both B2B and B2C.

We started with an inventory of the major kinds of platforms in their martech stacks.

Which of these platforms do you use in your martech stack? (select all that you have, including multiple ones bundled in a cloud/suite)

Platform	Percentage
Marketing Automation Platform (MAP)	88.1%
CRM Platform	84.5%
Analytics or Business Intelligence Platform	69.1%
Digital Experience Platform (DXP)	53.6%
Cloud Data Warehouse (CDW)	48.2%
iPaaS or Workflow Automation Platform	37.5%
Customer Data Platform (CDP)	36.9%
Digital Asset Management (DAM) Platform	35.7%
Product Analytics Platform	23.2%
Low-Code/No-Code (LCNC) App Dev. Platform	23.2%
E-commerce Platform	22%
Reverse ETL or Data Activation Platform	19.1%
Programmatic Advertising Platform	13.7%

Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

As you would expect in a martech stack study, almost all (88.1%) of the respondents have a marketing automation platform (MAP) or customer engagement platform (CEP) such as Braze, HubSpot, Marketo, MoEngage, Salesforce Marketing Cloud, SAS, etc.

The next most common platforms were CRMs (84.5%), analytics or BI platforms (69.1%), a DXP (53.6%), and a cloud data warehouse (48.2%). Filtering only B2C and B2B/B2C businesses, those platforms remain prevalent, but CDPs (53.7%) are in the majority as well.

Although we didn't explicitly ask about multi-product suites/clouds in this question, such as HubSpot and Salesforce, most of these top platform categories — the acronym soup of MAP, CRM, BI, DXP, CDW, and CDP — have different best-in-class leaders.

These are *composed stacks* of multiple products.

The Center of the Martech Stack

But composed stacks don't mean — or certainly shouldn't mean — disconnected stacks. These different platforms and products need to be integrated together to be effective. For marketers, this often requires them to lean into one platform as the "orchestrator" at the center of their stack. It's not necessarily the single source of truth for all data, which is actually a slightly different question, but rather the conductor's podium for their marketing operations.

Which platform do you consider the "center" of your martech stack for marketing operations?
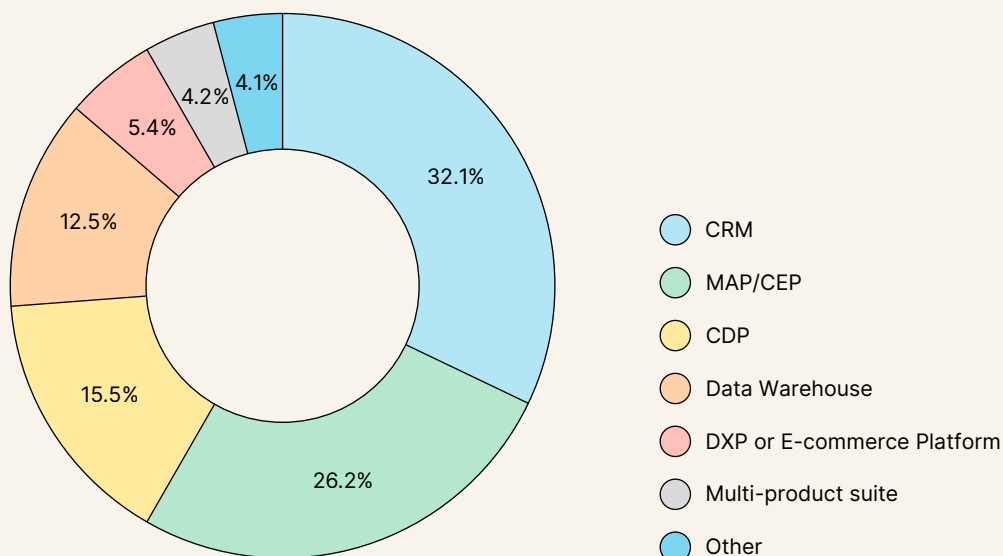
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

Overall, they see the center of their stacks as their CRM (32.1%), followed by a MAP or CEP (26.2%), a CDP (15.5%), or a data warehouse (12.5%). Only 4.2% felt a multi-product suite, rather than a specific product that might be part of a suite, was their center of gravity.

However, if we filter for just B2B companies, a CRM is the center for 41.6%, while a CDP is the center for only 7.9% and a data warehouse for only 6.9%.

Which platform do you consider the "center" of your martech stack for marketing operations?

B2B Companies

B2C/ B2B2C Companies

● CRM	● Data Warehouse	● Other
● MAP/CEP	● DXP or E-commerce Platform	
● CDP	● Multi-product suite	
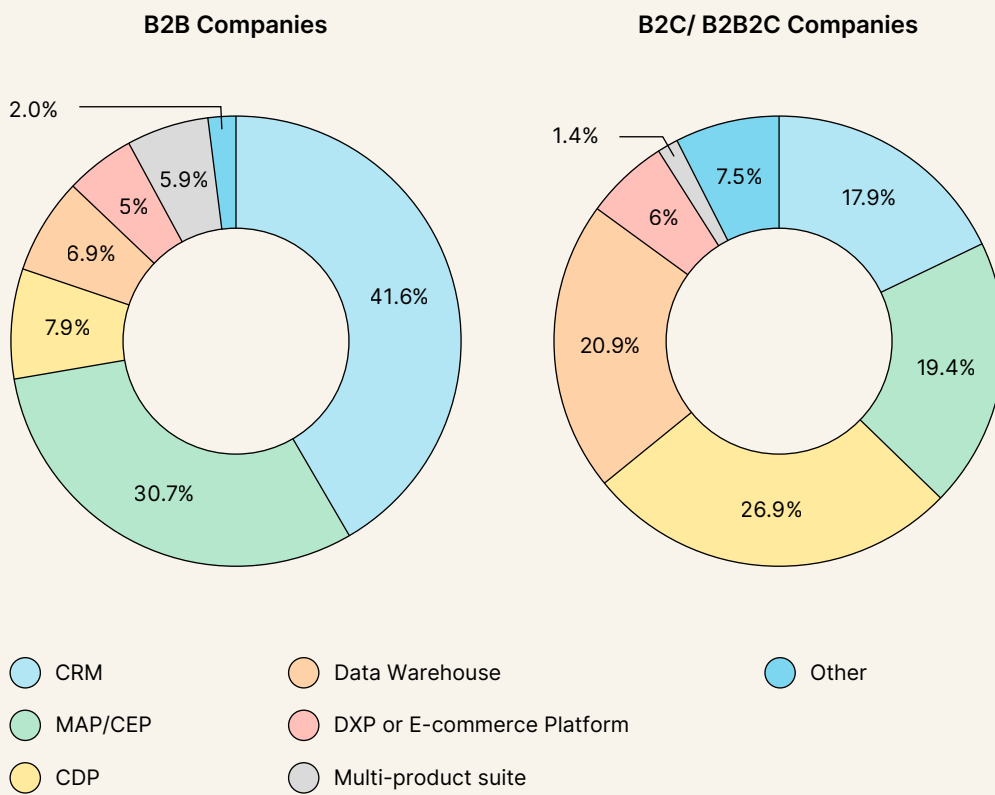
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

But if we filter for just B2C and B2B/B2C companies, a CDP is the center for 26.9%, a data warehouse for 20.9%, and a CRM is the center for 17.9%. CDPs and data warehouses serving as CDP-like data repositories combine to serve as the center for 47.8% of these businesses.

How much of your martech stack is integrated with that platform at the center of your stack?
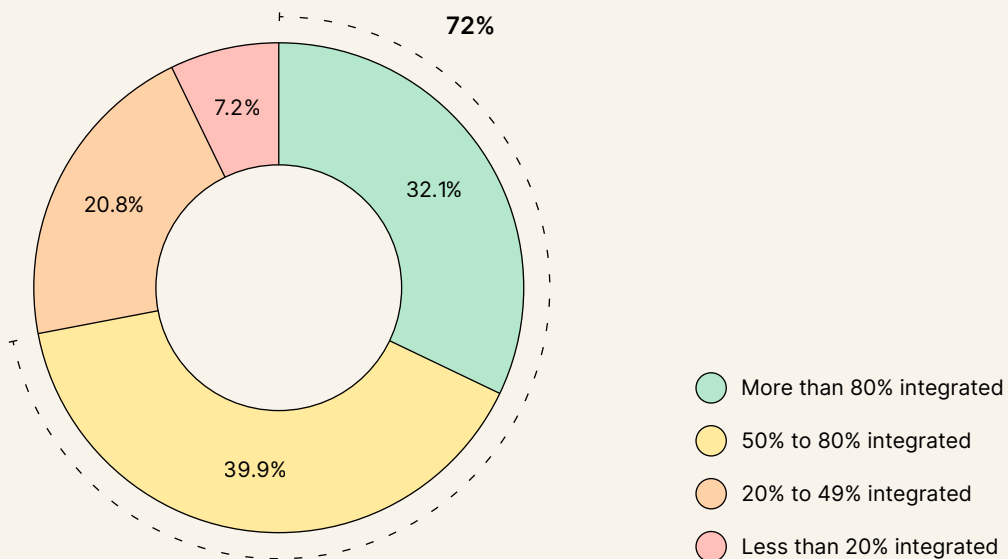
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

Regardless of what they identified as the center of the stack, 72% reported that 50% or more of the rest of their martech stack is integrated with that center platform. Nearly a third (32.1%) reported that more than 80% of their martech stack was integrated with it.

This is good progress on integration in martech. And as you'll see from some of the other data we collected, we continue to be headed in the direction of even better integration.

A Composable Stack Supports Interchangeable Apps

Major platforms at the center of a martech — be it a CRM, MAP, or CDP — often bundle many functions into their offering. Some might be built-in, some might be add-on options or modules from their suite/cloud.

Do you use alternative products instead of build-in features or modules of your central martech platform? For example, if your core platform supports SMS messaging, but you use a separate product for SMS.

- 33.3% — Yes, we use alternative apps **in many cases**
- 49.4% — Yes, we use alternative apps **in one or a few cases**
- 17.3% — No, we don't use alternative apps
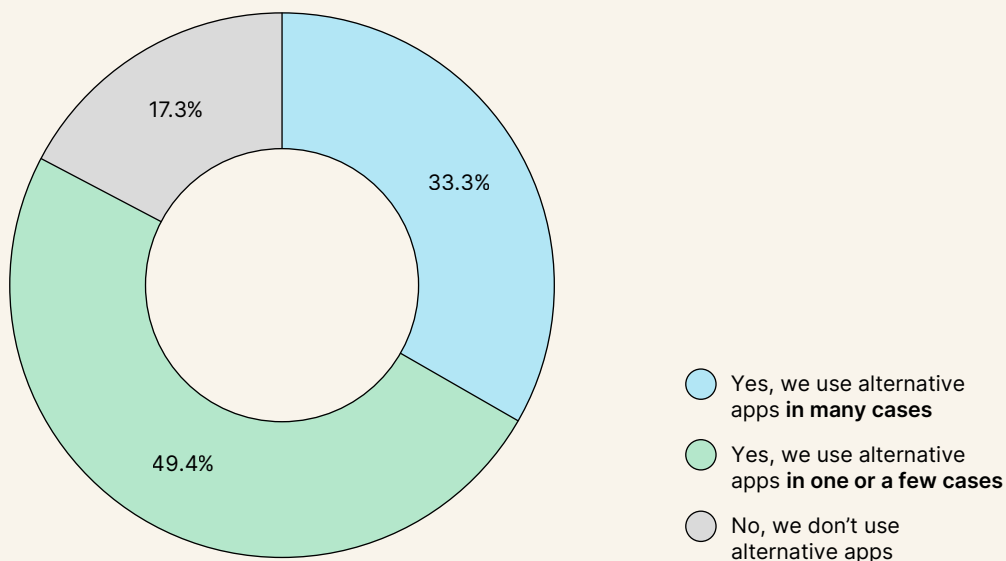
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

In many cases, these vendor native functions serve the needs the marketer has. But not always. The impetus for a composable stack — one that can have different products from different vendors — is the freedom it gives marketers to use the best app that suits their purpose.

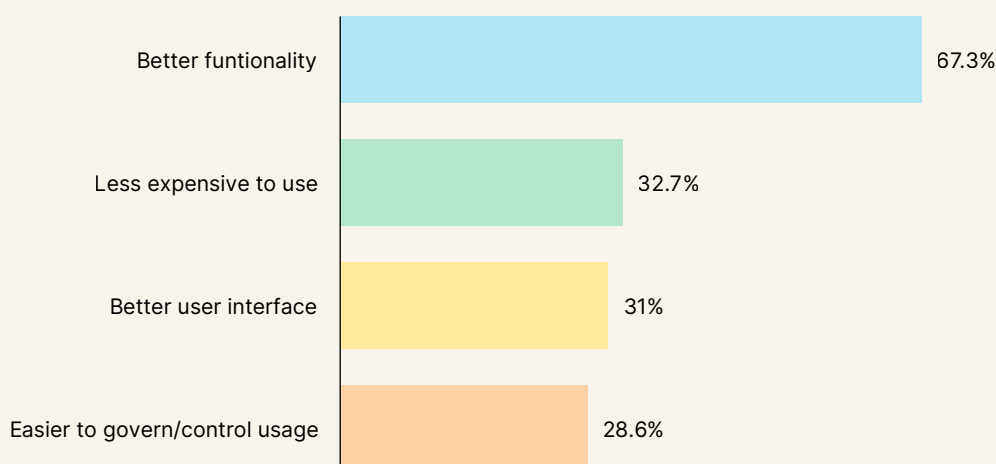The vast majority of respondents — 82.7% — have cases where they use an alternative product instead of a native feature or module in their central martech platform. 33.3% reported having *many cases* where they use alternative apps. This held true for both B2B and B2C businesses.

Of course, this begs the question: why?

What is the reason for substituting features/modules in your central platform with other different/specialist apps? (select all that apply)

Reason	Percentage
Better funtionality	67.3%
Less expensive to use	32.7%
Better user interface	31%
Easier to govern/control usage	28.6%

Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

In 67.3% of the cases, they substitute features/modules in their central platform with alternative apps because of better functionality in the other product(s). This is an acknowledgment that the checkbox product comparisons you often see with vendors — "You want SMS? Sure, we do SMS!" — don't necessarily address the full extent of capabilities that marketers want or need with a particular function.

That's not inherently a knock against large multi-function platform vendors. Some functions have greater variance in the different ways marketers want them to work. Some marketers have very advanced or esoteric requirements. Some needs vary based on industry or geographic region.

It's generally not feasible for one vendor to do *everything* the way *everyone* would like. Their best strategy is often to offer functionality that the largest portion of their customers need, in the way most of those customers want it to work. Then, let customers with different needs augment their platform by integrating independent specialist apps to their platform.

This is why so many large martech platforms now compete on the breadth and depth of their platform ecosystems.

However, functionality isn't the only reason people choose alternative apps. In 31% of the cases, they preferred the user interface of the other product. This is important because usability is a huge factor in utilization. If it's cumbersome or time-consuming to use a particular function, it either won't get used as frequently as it could or should — or incur opportunity cost for that time or cognitive load to use it.

Speaking of cost, that was a factor in choosing an alternative app for 32.7% of respondents. Not all native functions or modules for a platform may be included in your licensing costs. You might need to buy a new module, or upgrade to a higher tier, or pay usage-based fees. In some of these cases, an alternative specialist product on the market may be less expensive.

Memo to the CFO: reducing the number of apps in your martech stack isn't necessarily the same as reducing the spend on your martech stack.

Finally — and perhaps most counter-intuitively — 28.6% reported choosing alternatives apps because they were easier to govern and control usage. While conventional wisdom would say that a more diverse tech stack is harder to govern, there are legitimate cases where sandboxing users in an app for a particular purpose can be simpler to control than managing them in a much larger platform entangled with other features and data.

Memo to the CIO: reducing the number of apps in your martech stack isn't necessarily the same as reducing the governance complexity in your martech stack.

How easy or difficult it is to substitute your central platform's features/modules with different/specialist apps?

Very easy

Moderately easy

Moderately difficult

Very difficult

Not applicable

9.5%

36.9%

33.9%

10.7%

9%
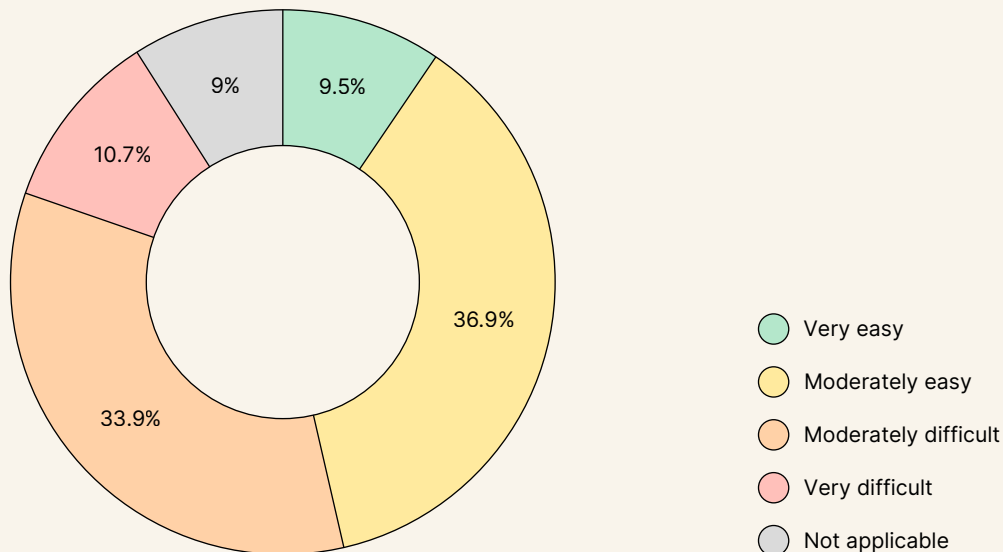
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

That said, some martech platforms make it easier than others to substitute or augment their native functionality with third-party apps. Only 46.4% of respondents said it was moderately easy or very easy to use alternative apps. 44.6% said it was moderately difficult or very difficult.

Memo to martech vendors: 82.7% of your customers are using alternative apps with your platforms, but only 46.4% — about half — find it easy to do so. Only 9.5% find it very easy. In a composable stack world, this is a tremendous opportunity for differentiation on the dimension of openness.

Differences Between More/ Less Composed Stacks

Overall, 33% of our participants reported that they have many cases where they substitute alternate products for features/modules available in the platform at the center of their stack, while 49% said they had only had a few cases where they did so.

Comparing those two groups — those with a lot of composed alternate products and those with a few — reveals a couple of interesting correlations.

Which platform do you consider the "center" of your martech stack for marketing operations?

Group A: Yes, we use alternative apps **in many cases**
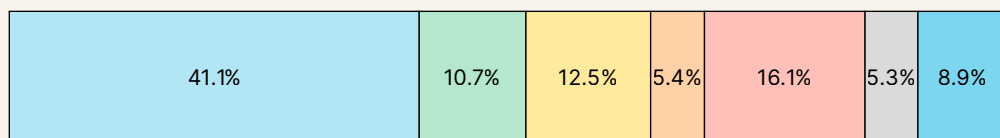
41.1%	10.7%	12.5%	5.4%	16.1%	5.3%	8.9%

Group B: Yes, we use alternative apps **in one or a few cases**

22.9%	36.1%	20.5%	3.6%	12%	2.4%	2.5%

Legend:
- CRM
- MAP/CEP
- CDP
- Data Warehouse
- DXP or E-commerce Platform
- Multi-product suite
- Other
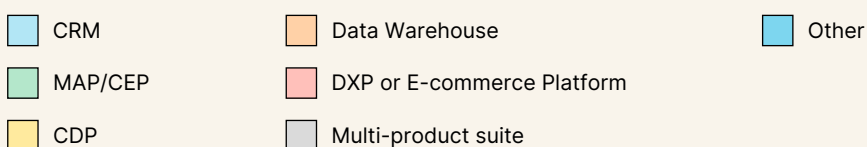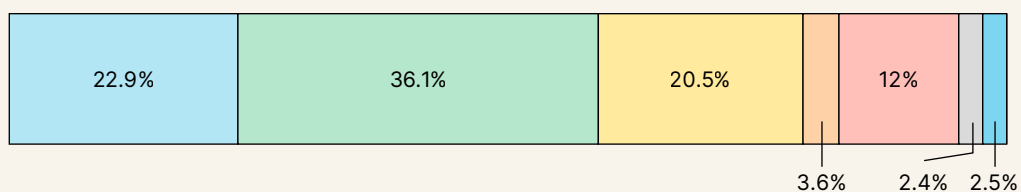
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

For those substituting many alternate products, they were mostly likely to consider their CRM the center of their stack (41.1%), followed by a data warehouse (16.1%). Those substituting fewer alternate products were more likely to consider their MAP/CEP the center (36.1%), followed by a CRM (22.9%) or CDP (20.5%). One possible explanation for this is that CRMs and data warehouses tend to span more departments and use cases than MAPs, CEPs, and CDPs.

Those who use more alternate products also report that it is generally easier to do so. Now, this is a correlation, so we have to be careful about attributing causes. But two logical explanations stand out.

How easy or difficult it is to substitute your central platform's features/modules with different/specialist apps?

Group A: Yes, we use alternative apps **in many cases**
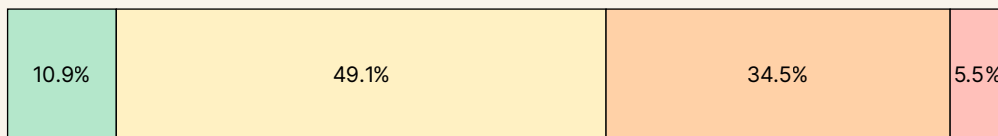
10.9%	49.1%	34.5%	5.5%

Group B: Yes, we use alternative apps **in one or a few cases**

10.9%	36.1%	41%	12%

- ☐ Very easy
- ☐ Moderately easy
- ☐ Moderately difficult
- ☐ Very difficult

Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

First, those who substitute more alternate apps in their stack develop more proficiency in doing so over time. Composability becomes a competency. Only a tiny fraction (5.5%) of them find it very difficult to do so.

Second, since they practice more composability with their stack, the ease of enabling this is likely a much more important criteria to them when selecting a platform for the center of their stack. If the platform is open, permitting easy substitution of alternative features or modules, they are less likely to choose it or retain it. This also correlates with the likelihood that they see their CRM or the data warehouse as the center of the stack, as those tend to be platforms with the greatest number and diversity of integrations available in their ecosystems.

Finally, when we look at the reasons why those with more vs. fewer alternate products in their stack choose to use them instead of their core platform, those who substitute many features or modules have greater conviction of the benefits on all dimensions.

What is the reason for substituting features/modules in your central platform with other different/specialist aps? (select all that apply)

Group A:
Yes, we use alternative apps **in many cases**

Group B:
Yes, we use alternative apps **in one or a few cases**

	Group A	Group B
Better funtionality	82.1%	77.1%
Less expensive to use	44.6%	33.7%
Better user interface	42.9%	32.5%
Easier to govern/control usage	35.7%	31.3%
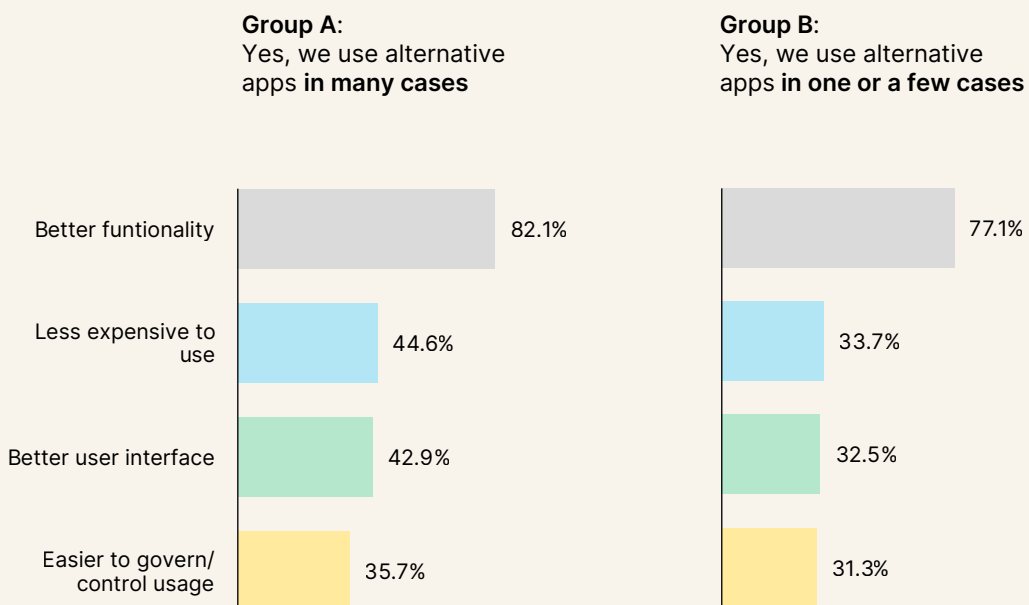
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

82.1% of those using more alternate products cite better functionality as a reason vs. 77.1% for those using fewer specialist apps, which makes sense. But there were significant differences with all the other reasons for substitution too. Those using more specialist apps were more likely to cite better user interface (42.9% vs. 32.5%), better economics (44.6% vs. 33.7%), and better governance and control (35.7% vs. 31.3%) for their decision to have a more composed martech stack.

As noted earlier, we believe this is a remarkable finding that runs counter to conventional wisdom. Better usability, better economics, and better governance respectively address the three top problems identified with large martech stacks: poor utilization, wasted spend, and weak control. On all three dimensions, marketing teams taking a more composed approach to their stack are reporting better outcomes.

APIs and Integrations

We know integrations are important to martech and marketing operations professionals when evaluating new martech products.
But one level down is evaluating the APIs that a martech product offers. Not only because the extent of APIs determines the breadth and depth of integration that other software products can have with that product. But also because APIs enable more bespoke integrations and workflows to be built by the individual company.

So we expected APIs to be important. But it turns out that the majority of participants (51.2%) said that they were *very important* when evaluating new martech products — one of their top requirements. Another 32.7% said they were still important and one of their core requirements. Together, that's 84% who said APIs were important or very important in their evaluation.

How important are APIs when you're evaluating a new martech product?

83.9%

4.8%

11.3%

51.2%

32.7%

○ Very important — one of the top requirement

○ Important — part of our core requirements

○ Somewhat important — a secondary criteria

○ Not important
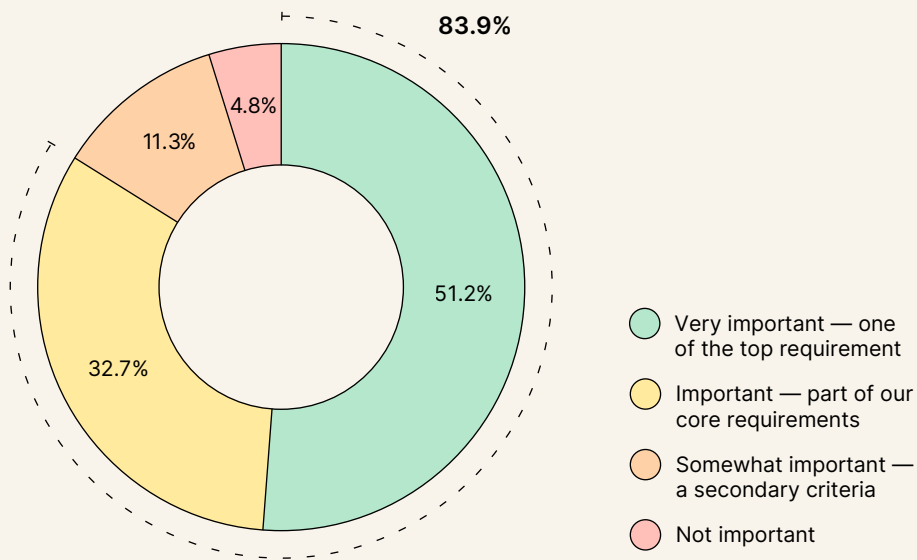
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

How complete are the APIs for that platform at the center of your stack?

1.2%

5.3%

17.3%

28.6%

47.6%

○ Great coverage — we can do **everything** we want via APIs

○ Good coverage — we can do **most of the things** with want via APIs

○ Okay coverage — we can do **some of the things** we want via APIs

○ Poor coverage — we can do very **few of the things** we want via APIs

○ Not applicable — we don't use APIs
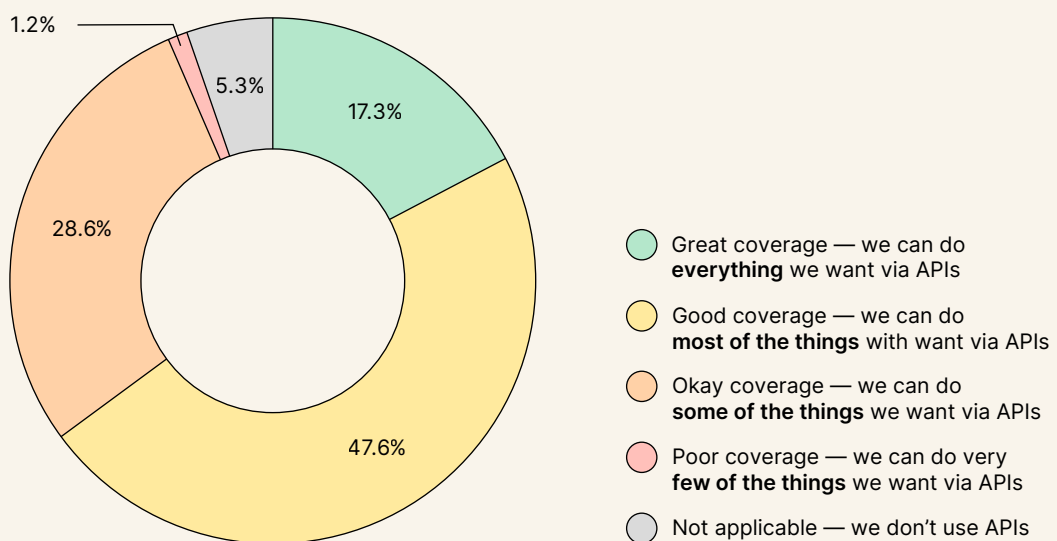
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

Given that, it should come as no surprise that 64.9% of companies have selected platforms at the center of their stacks that have good or great API coverage. However, only 17.3% say that the API coverage is great, enabling them to do everything they want with APIs.

Memo to martech platform vendors: 83.9% of your buyers say this is a top or core requirement, but only 17.3% think their current center-of-stack platform does a great job of this. Opportunity knocks. Are you listening?

To dig a little deeper into different examples of composability, we also asked about specific kinds of integrations.

Do you automate workflows across multiple tools in your martech stack?
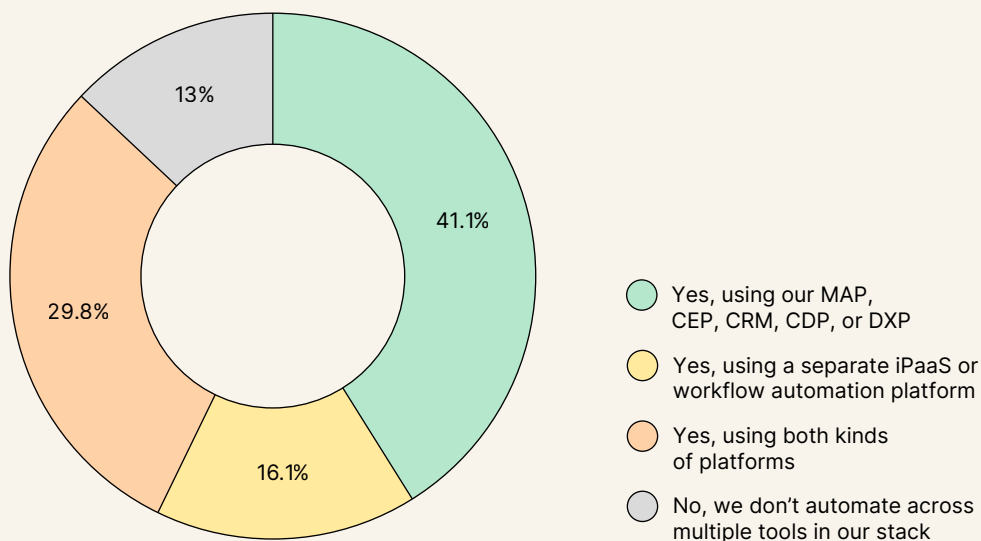
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

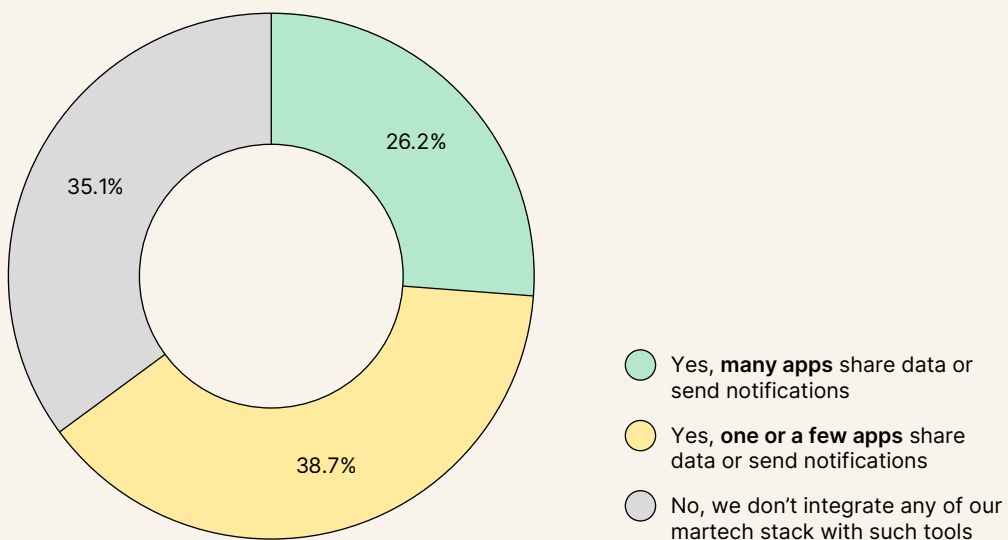We asked about automating workflows across multiple tools in their martech stack — which inherently requires APIs across all of them. Almost all (87%) do this, composing business process workflows from the orchestrated combination of products in their stack.

41.1% implement these automations entirely from within a core martech platform — such as a MAP, CRM, or CDP — while 16.1% use a separate iPaaS or workflow automation platform. Another 29.8% say they use both kinds of platforms.

It makes sense that, at least in the context of marketing-related workflows, that the platform at the center of the martech stack would be the preferred orchestrator of such automations. 70.1% are using their center-of-stack platform for this, even if 29.8% of them also augment it with a stand-alone product, either to address use cases not yet supported by that center platform or perhaps to connect into business-wide processes that span beyond the marketing department.

Are any of the apps in your martech stack integrated with an internal communications tool such as Slack or Microsoft Teams, for sharing data or notifications?

26.2%

35.1%

38.7%

○ Yes, **many apps** share data or send notifications

○ Yes, **one or a few apps** share data or send notifications

○ No, we don't integrate any of our martech stack with such tools
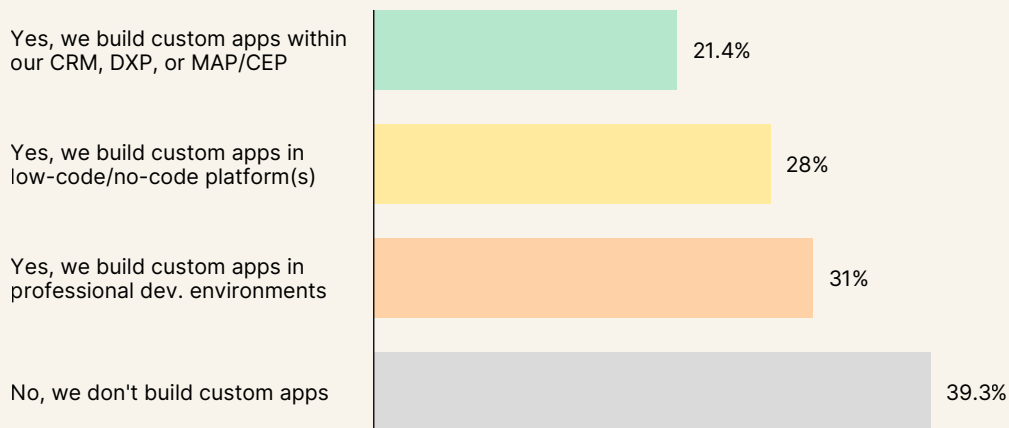
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

We asked about integrations with internal communications tools, such as Slack or Microsoft Teams, for sharing data or notifications. 64.9% said they do this with at least some apps, with more than a quarter (26.2%) reporting that they have *many* apps in their martech stack integrated this way.

We consider these internal communications tools to be a kind of "aggregation platform" at a UX level — one place where multiple sources of data and notifications can be presented to users in a single interface.

Do you build any custom apps, either internal-only or customer-facing, that are integrated with your martech stack? (select all that apply)

Category	Percentage
Yes, we build custom apps within our CRM, DXP, or MAP/CEP	21.4%
Yes, we build custom apps in low-code/no-code platform(s)	28%
Yes, we build custom apps in professional dev. environments	31%
No, we don't build custom apps	39.3%

Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

Another way in which data and services from across the martech stack can be composed into an employee-facing or customer-facing experience is by developing a custom app. Most companies (60.7%) are building these apps, either natively inside their CRM, MAP, or DXP platform (21.4%), on a low-code/no-code platform (28%), or with professional development environments (31%).

Data Clouds, Lakes & Warehouses in Martech

Out of the different kinds of composability in martech today, however, we believe the biggest trend is towards composing data for marketing through data warehouses or data lakes.

Do you use a cloud data warehouse/data lake with your martech stack?

○ Yes, we send data one-way, **from martech apps into our warehouse**

○ Yes, we send data one-way, **from our warehouse into martech apps**

○ Yes, we send data **both ways**, between apps and our warehouse

○ No, we don't use a data warehouse with any of our martech apps
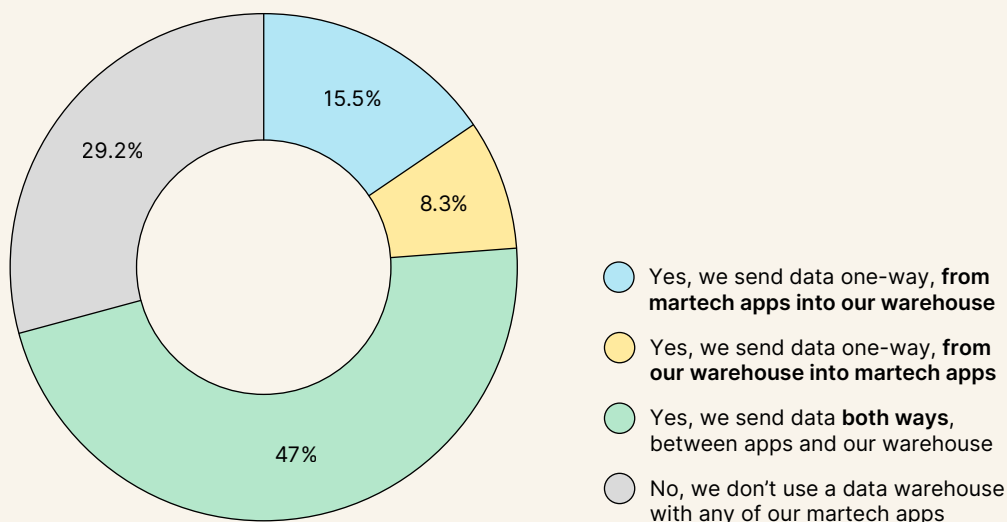
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

Indeed, 70.8% of respondents said they integrate their martech stack with a cloud data warehouse/data lake. For some, such data sharing is only happening one-way: either from their martech apps into the warehouse (15.5%) or from their warehouse into their martech apps (8.3%). The vast majority of those integrated to a warehouse though — 47% — are sending data bi-directionally to and from their martech apps.

For larger enterprises, this is even more true, with 81.6% integrated to a warehouse and 52.6% saying it's integrated bi-directionally in

their martech stack. But even in small businesses, with 250 or fewer employees, martech is now integrated with a data warehouse 56.1% of the time, with 40.9% integrated bi-directionally.

For B2C companies for all sizes, data warehouse integration jumps to 88.1%, with 65.7% reporting bi-directional integration with their martech stack. In contrast, only 59.4% of B2B companies have martech integrated to a data warehouse and only 34.7% have it integrated bi-directionally.

How much of your martech stack is integrated with your cloud data warehouse/data lake?
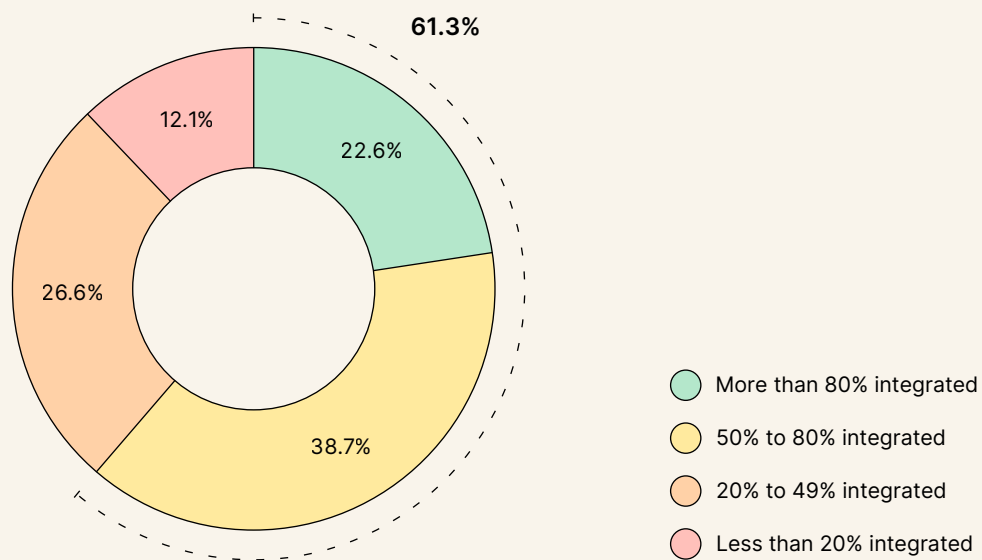
Source: 2024 Martech Composability Survey, chiefmartec & MartechTribe

Finally, for those who are integrated with a cloud data warehouse/data lake, we asked how much of their martech stack was connected to it. A solid majority (61.3%) said that 50% or more of their martech stack was integrated with the warehouse, and 22.6% reported that more than 80% of their stack was integrated to it.

Aggregation Platforms in Data, Workflow & UI

In our *Martech for 2024* report from last December, we described the concept of aggregation platforms in martech stacks. While consolidation is one way to simplify your martech stack, by using fewer apps across your business, it comes at the cost of trading off the benefits that more specialized and emerging products can provide. As we've seen in the results of this study of martech stack composability, those benefits are meaningful and shouldn't be given away lightly.

Aggregation platforms enable an alternative, albeit not mutually exclusive, strategy. These are platforms that excel at coalescing many, diverse apps and data sources and wrapping them with a common interface. They make it easier and more reliable for users and other apps to access and leverage that diversity. They simplify the operations of your stack more than the stack itself.

Consolidation vs Aggregation
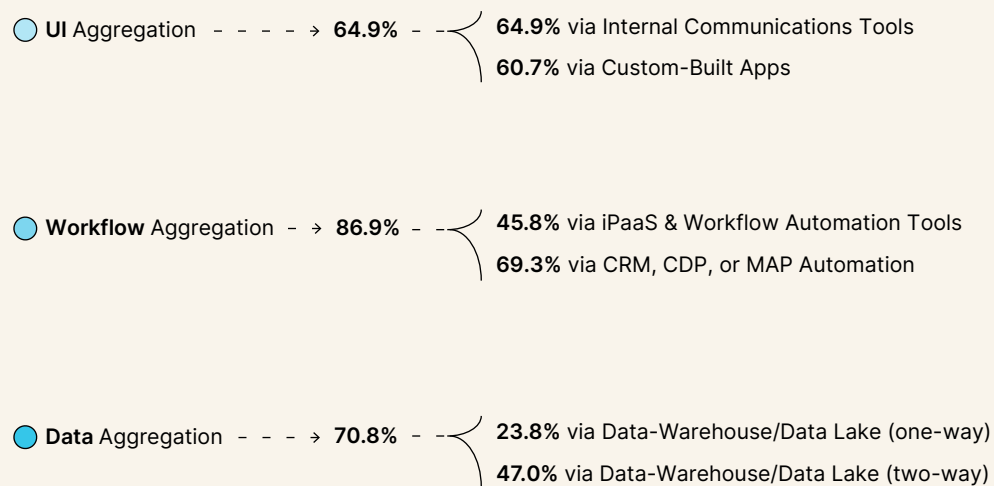

Source: chiefmartec
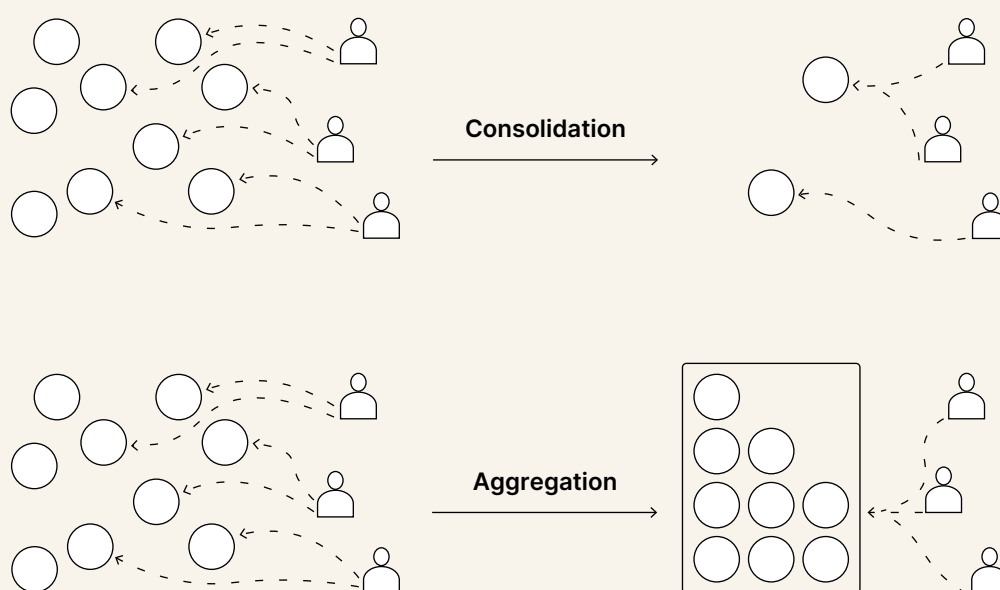
Unlike consolidation, which is just about reducing the number of apps, aggregation lets you structure and get more value out of however many apps you have. By serving as a unification mechanism across those apps, aggregation platforms actually deliver *more* value the more apps you have connected to them.

The quintessential example of an aggregation platform is a data warehouse. You can have as many sources as you want pushing data into it, and as many destinations as you want pulling data from it. The interface for both sources and destinations is standardized. The more apps pushing data into it and the more apps pulling data from it, the more value — measured in the breadth and scale of use cases it supports — you get from it.

Data warehouses aggregate at the data layer, horizontally across the company. Aggregation can also happen at the workflow layer, automating processes and decisions across multiple teams and apps. And it can happen at the UI layer, where an aggregation platform provides a single interface where a user can view and interact with contributions from many other apps.

The results from our survey of composability shows that this kind of aggregation is becoming increasingly common in martech stacks.

Layers of Aggregation

○ **UI** Aggregation – – – – → **64.9%** – – <
  64.9% via Internal Communications Tools
  60.7% via Custom-Built Apps

○ **Workflow** Aggregation – → **86.9%** – – <
  45.8% via iPaaS & Workflow Automation Tools
  69.3% via CRM, CDP, or MAP Automation

● **Data** Aggregation – – – → **70.8%** – – <
  23.8% via Data-Warehouse/Data Lake (one-way)
  47.0% via Data-Warehouse/Data Lake (two-way)

Source: chiefmartec

70.8% of respondents are using a data warehouse as a data aggregation platform. 70.1% are using an automation platform — either a stand-alone product or an embedded capability in one of their core marketing platforms — for workflow aggregation across multiple tools. And 64.9% are integrating multiple apps into an internal communications tool such as Slack or Microsoft Teams to aggregate notifications and alerts through a single UI.

Other products in the martech stack also demonstrate this pattern of aggregation:

- CRMs (in 84.5% of stacks) aggregate data, workflow, and UI across many customer touchpoints from a wide range of diverse apps serving them
- Analytics and BI platforms (in 69.0% of stacks) aggregate UI for reporting and analysis across a diverse range of data sources
- Digital asset management (DAM) platforms (in 35.7% of stack) aggregate content — a kind of data — contributed by many apps and then leveraged by many others

Great aggregation platforms are what make composable stacks work.

3. Martech Stacks & Business Value

"Are we getting value from our martech stack?" It's the right question to ask.

Value can come from greater internal efficiency (i.e., saving money on costs). It can come from better customer experiences that either increase new customer acquisition or improve customer retention (i.e., making money with more revenue). It can come from the insights that martech software provides to adapt your strategy to new opportunities.

But ultimately, all of these should translate to financial impact.

Correlating Martech Maturity & Business Value

Because technology is a lever, we believe one of the best scale-free metrics to evaluate the financial impact of martech is company revenue-per-employee. Good technology, used well, should enable each employee, on average, to affect more revenue.

Performance-Maturity Equation

Company revenue-per-employee ratio   **+**   **Five maturity levels**   **=**   **Correlation between revenue-per-employee ratio and maturity level**
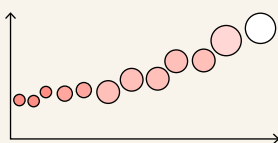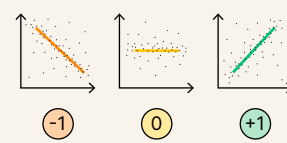
Indicator of overall company performance
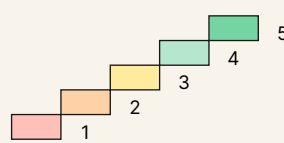
Indicator of overall organizational performance

Understand how customer technology maturity drives your company grow

Source: MartechTribe

Company Revenue-Per-Employee Ratio

Rank	Company	Revenue per employee
1	NETFLIX	$2,492,969
2	Apple	$2,348,171
3	Meta	$1,630,541
4	Alphabet	$1,486,853
5	Uber	$1,032,012
6	NVIDIA	$1,029,546
7	Microsoft	$939,321
8	TESLA	$672,872
9	Adobe	$614,483
10	salesforce	$435,417
11	intel	$427,748
12	amazon	$340,623
13	ORACLE	$282,118
14	IBM	$210,128

Source: https://www.ondeck.com

Given a set of companies and their revenue-per-employee ratios, we would classify the top 30% as "overperformers". A company can be small or larger, but if it has high revenue-per-employee, we consider it an overperformer in its leverage of technology.

The next factor we consider is the "maturity" that a company has developed with different martech capabilities. Here we mean maturity in the sense of the CMMI Institute's model of five levels of process maturity.

Capability Maturity Model Integration

Level 5

Optimizing

Focus on process improvement

Level 4

Quantitatively Managed

Processes measured and controlled

Level 3

Defined

Processes characterized for the organization and is proactive (projects tailor their processes from organization's standards)

Level 2

Managed

Processes characterized for projects and is often reactive

Level 1

Initial

Processes unpredictable, poorly controlled and reactive

Source: Sally Godfrey, as cited on Wikipedia

Level 1 is immature — called *Initial* because that's where everybody starts — where processes are unpredictable, poorly controlled, and reactive. Level 5 is the most mature, where processes are not only measured and controlled, but the organization is continually *Optimizing* them through rigorous process improvement.

There are lots of maturity models out there, but this CMMI model was kind of the mother of them all.

Our belief is that you don't need to be particularly pedantic in applying this model to get the essence of it for managing your stack. We believe that rating the maturity of your martech capabilities along this continuum as more of a Likert scale — from least mature to most mature — is often sufficient to get a ballpark estimate of your relative strengths and weak spots.

When we evaluate people's martech stacks, we ask them to rate their maturity on this 1-5 scale for each category of martech they're using.

Two important points with such martech maturity ratings:

First, it's okay — even expected — for you to have different ratings for different categories of martech in your stack. For instance, a retail company might intentionally be very mature in its use of advertising and e-commerce technologies, but weaker with classic CRM technologies. Different sectors generally have different categories of martech that are most relevant to their business. But also individual companies may pursue different strategies from their competitors, which influences their choices of which capabilities to develop the most.

Second, being more mature in a category isn't always better. We know that might sound counterintuitive. But developing and maintaining high maturity doesn't come for free. Higher maturity generally requires larger investments. This may include greater technology costs, but it almost *always* includes greater human capital costs in time, training, and expertise. Since not every business needs to be great at every category of possible martech capability, it's wise to not overinvest in capabilities that aren't likely to drive commensurate business value.

Now, the fun part.

We can compare revenue-per-employee against the average maturity for different categories of martech capabilities to examine the correlation between investment in those capabilities and technology-levered business value. As we'll see in a moment, this gets particularly interesting when you look at how those correlations differ from one industry to the next.

Revenue-Per-Employee vs. Martech Maturity Level
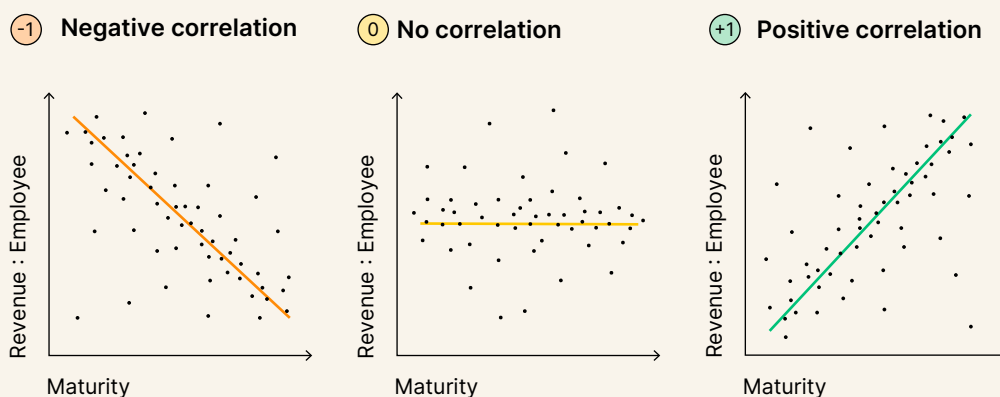
Source: Karl Pearson, as cited on Wikipedia

There are three possibilities:

- **Negative correlation**: on average, as maturity in this martech capability increases, revenue-per-employee tends to decrease. You should be careful to not overinvest in this capability, as a relative low maturity in it may be sufficient for your business.
- **No correlation**: on average, maturity in this martech capability doesn't have a clear relationship with revenue-per-employee. The importance of this capability is likely more dependent on other factors specific to your organization and business strategy.
- **Positive correlation**: on average, as maturity in this martech capability increases, revenue-per-employee tends to increase too. Investing in getting good at this martech capability is — other things being equal — probably a good idea.

Of course, correlation is not causation, and there are many other factors at play. Your mileage will vary. But as a directional cue, we think this revenue-per-employee vs. martech maturity metric is useful to drive thoughtful conversation.

So let's take a look at some of those metrics for different industries. But before we do, a quick detour on the Dunning-Kruger Effect.

The Dunning-Kruger Effect in Martech

The Dunning-Kruger Effect is a cognitive bias in which people with limited competence in a particular domain generally overestimate their abilities, while those with high competence actually underestimate their abilities.[3] However, the gap of overestimation tends to be much larger than the gap of underestimation.

Dunning-Kruger Effect
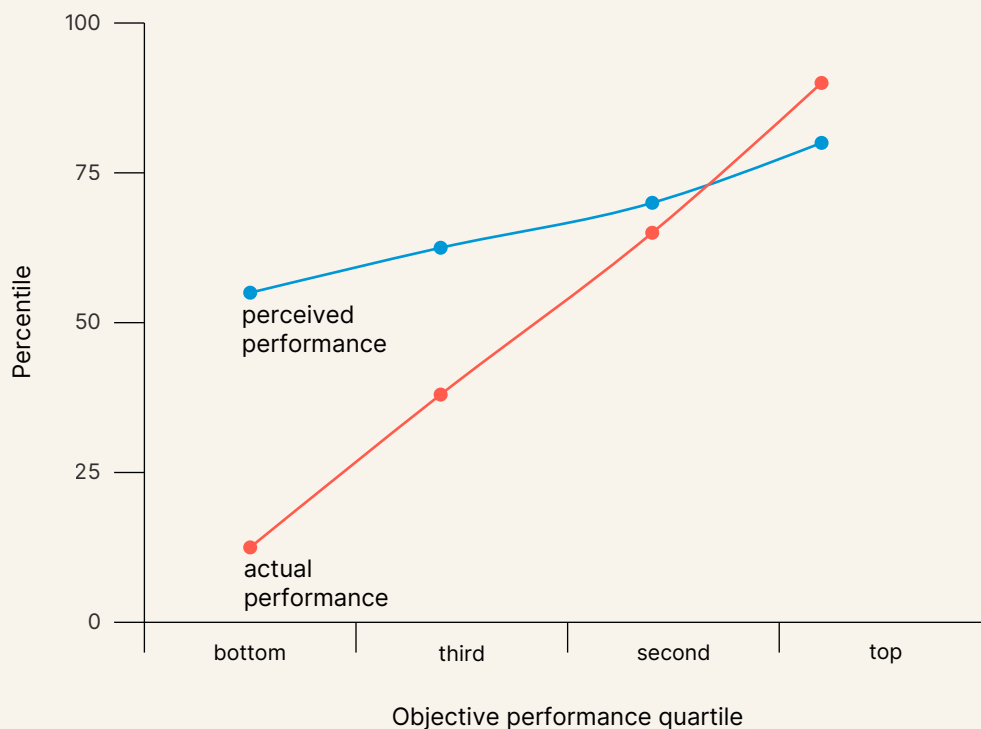
Source: David Dunning & Justin Kruger as cited on Wikipedia

You've probably already guessed where this is headed: when we ask people to rate their martech maturity, it's not unusual for those with lower

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[3] https://en.wikipedia.org

maturity to actually rate themselves higher. And vice versa, albeit to a lesser extent.

So how do we know who's telling the truth? Well, we don't. But their relative business performance — as measured by their revenue-per-employee ratio — gives us an inkling.

Looking at over 1,000 martech stacks that have been collected, where people also self-rated their maturity, we see a significant difference between outperformers (top 30% in their industry in their employee-to-revenue ratio) and the rest. It's important to note that companies of any size can be outperformers.

Comparing Martech Maturity by Industry

Source: MartechTribe

Comparing average martech maturity ratings for the top 30% vs. the remaining 70%, across six different industries, a clear pattern emerges. With the exception of the professional services industry — are consultants more self-aware, perhaps as a result of observing dozens of client operations? — the top 30% rate themselves lower in martech maturity than the bottom 70%.

Of course, you can hypothesize several possible explanations for this gap.

Do outperformers intentionally invest less in martech capability development because it's not actually a driver of business value for them? However, as we'll show you with a more detailed break out of the category-level data, that doesn't seem to be true. In every industry, higher maturity in certain martech categories is strongly correlated with higher revenue-per-employee.

Do low performers invest more in martech capability development because that's their strategy to become outperformers? It's probably a good idea for them to do so. However, since we're looking at a dataset that has been measured over many years, for many businesses, in all stages of their life, it seems unlikely that the majority of low performers are actively engaged in such a strategy.

The hypothesis we think is most likely true: this is the Dunning-Kruger Effect. The lower 70% probably think they're better at leveraging martech effectively and efficiently than they actually are.

Martech Stack Maturity & Impact by Industry

Now with our martech maturity vs. revenue-per-employee instrument in hand, we can examine a series of different industries and see how different categories of martech maturity are correlated to leveraging technology for business value.

As an important disclaimer: these are directional averages across many companies in an industry. Because maturity is self-reported and our segmentation data on firm size and revenue — from which the revenue-per-employee is calculated — is extremely coarse[4], you should take these analyses with a big grain of salt. They're best used to raise questions and considerations for your strategy, not serve as blanket recommendations that every firm in that given industry should follow.

One thing you should notice right away: these analyses vary significantly from one industry to the next. The overarching takeaway should be that

there is no universal approach to martech capabilities that works for all businesses. Each industry, and to a certain extent each company, has its own "shape" of capabilities that seem to drive the most value.

Let's start with the Banking and Financial Services industry to explain how to read these charts:

Banking & Financial Services stacks (2020-2024)
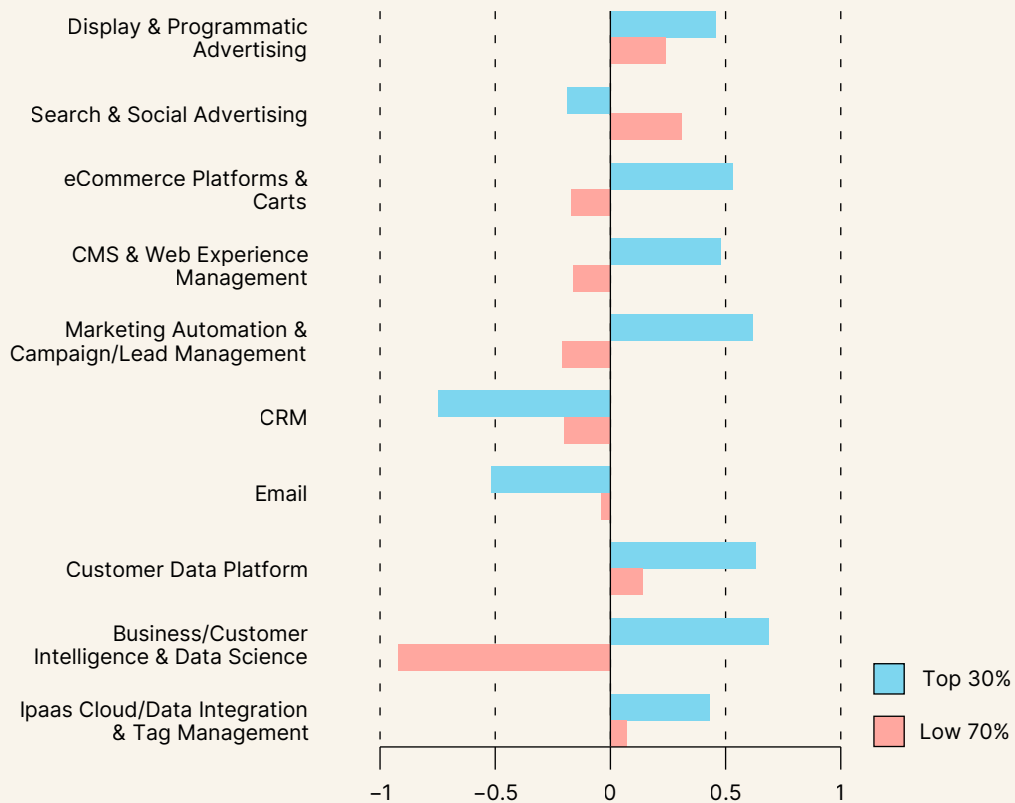
Source: MartechTribe

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[4] In our composability survey, we used only ranges.

The same ranges were the starting point for the stack database data (used as our source here) for 56.8% of the stacks. All of these have been manually verified with sources such as Crunchbase, Zoominfo, Clearbit, FactSet and Pitchbook.

The remaining 43.2% is based on manually sourced annual reports, from larger companies with legal obligations to publish their data.

Total sample: 1,023 stacks.

The blue bars represent companies in the top 30% of revenue-per-employee. The red bars represent all the others, the lower 70%.

For each martech category, we're looking at the correlation between reported maturity in that category and revenue-per-employee performance. Starting from the middle of the x-axis — the 0 point — a positive correlation grows to the right, and a negative correlation grows to the left. The longer the bar, to either the left or the right, the stronger the correlation.
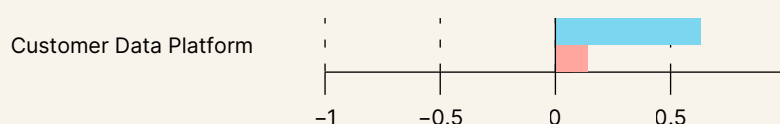
So in Banking & Financial Services, we see that martech maturity in *Customer Data Platforms* has a positive correlation for everyone, indicating that this is a key capability for the industry. But while lower performers see a modest positive effect, the top 30% high performers see a very strong one. Correlation isn't causation, but high performers seem to derive significant benefit from their investment in this category.

We see a similar pattern with *Display & Programmatic Advertising* and *iPaaS, Cloud/Data Integration & Tag Management* martech categories.
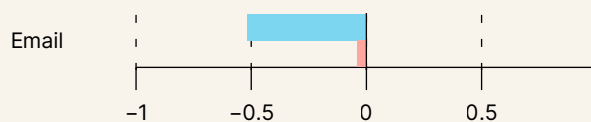
There can also be parallel correlation in the negative direction. For example with *Email*, both high performers and lower performers in this industry seem to get less value the more they develop this capability. In fact, for high performers, the more they develop this capability, the more negative the correlation is. This is not to say that banks and financial services companies shouldn't have email capabilities in their martech stack. But for most, it may not be a capability that benefits from significant investment and development, relative to other options.
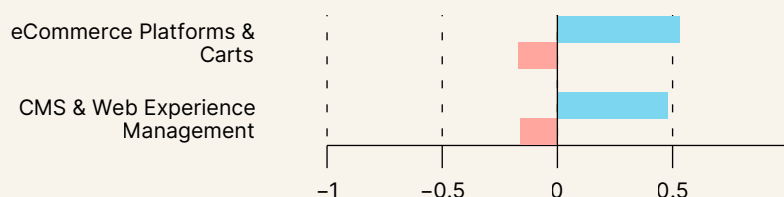
We also see splits in positive and negative correlation. For example, *eCommerce Platforms & Carts* as well as *CMS & Web Experience Management* have a strong positive correlation for top performers. But for lower performers, the correlation is actually slightly negative. If you're a high performer, this is a key martech capability. For everyone else... why is investment in this capability not aligned with better performance?

One possible explanation is that there are other factors associated with underperformers that hold them back from extracting value in these capabilities. Maybe they have a weaker strategy, or maybe other operational or managerial problems hold them back. For instance, if your CX skills and capabilities for designing and implementing digital experiences aren't great, then state-of-the-art web or ecommerce platforms aren't going to miraculously perform for you.

Another possible explanation for these kinds of splits, however, is that it's the manifestation of the Dunning-Kruger Effect. The lower performers might be rating themselves as having higher maturity in the category than is actually the case. Therefore, their reported capability is dragged into a negative correlation because, in truth, they aren't utilizing it very well.
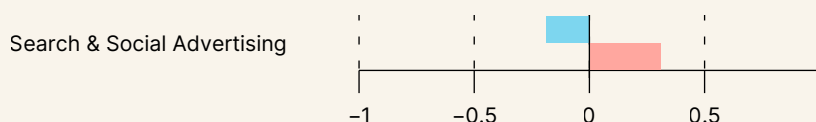
An example in the opposite direction is with *Search & Social Advertising*, where lower performers see positive correlation and high performers see slightly negative correlation. This suggests that this capability might be more valuable for firms that are further behind in their digital efficiency. But as they improve their performance, there may be

other capabilities that are better for them to focus on to achieve greater advantage.

While the correlation data doesn't provide a definitive answer, these kinds of splits — positive for high performers, negative for lower performers — indicate a martech category that should receive careful consideration.

Now that you have a guide for interpreting these charts, here are several from other industries.

Consumer Products stacks (2020-2024)
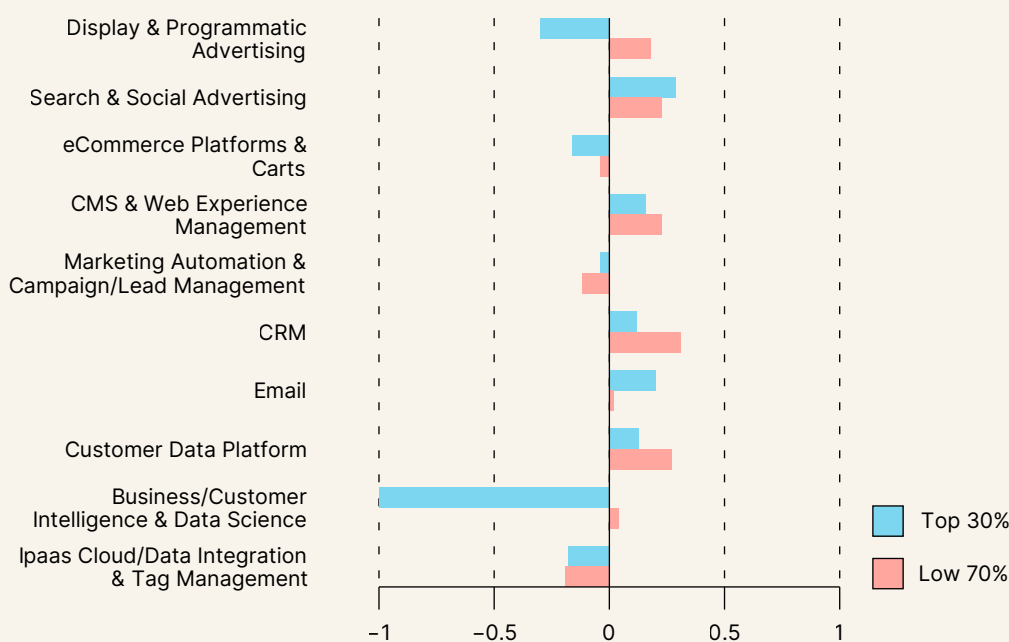
Source: MartechTribe

For Consumer Products companies, most of the categories have aligned correlations for high performers and lower performers. However, there's a notable split with *Display & Programmatic Advertising* — high performers don't seem to benefit from overdeveloping this capability. And a strong split with *Business/Customer Intelligence & Data Science*. High performers should be especially careful of overinvestment here.

Pharmacy, Healthcare, & Life Sciences stacks (2020-2024)

- Display & Programmatic Advertising
- Search & Social Advertising
- eCommerce Platforms & Carts
- CMS & Web Experience Management
- Marketing Automation & Campaign/Lead Management
- CRM
- Email
- Customer Data Platform
- Business/Customer Intelligence & Data Science
- Ipaas Cloud/Data Integration & Tag Management

Top 30%
Low 70%

Professional Services stacks (2020-2024)

- Display & Programmatic Advertising
- Search & Social Advertising
- eCommerce Platforms & Carts
- CMS & Web Experience Management
- Marketing Automation & Campaign/Lead Management
- CRM
- Email
- Customer Data Platform
- Business/Customer Intelligence & Data Science
- Ipaas Cloud/Data Integration & Tag Management

Top 30%
Low 70%

Source: MartechTribe

Pharmacy, Healthcare & Life Sciences have quite a few splits in the opposite direction. High performers tend to see strong correlation between maturity and business performance efficiency across *eCommerce Platforms & Carts*, *CRM*, *Email*, *Customer Data Platforms*, and *iPaaS, Cloud/Data Integration & Tag Management* martech categories, while correlation for the lower performers is negative.

With Professional Services, it seems that developing advanced martech maturity often doesn't correlate very strongly with efficient business performance. The martech capabilities where there does appear to be positive correlation for high performers are *CMS & Web Experience Management*, *Marketing Automation & Campaign/Lead Management* (slightly), *Email*, and *Business/Customer Intelligence & Data Science*. eCommerce maturity is not — or at least not yet — correlated to efficiency. However, we believe this will be an area of significant innovation over the next few years. We would advise against ignoring it. But recognize that it's still early. Don't get too far ahead of the hype cycle.

Technology stacks (2020-2024)
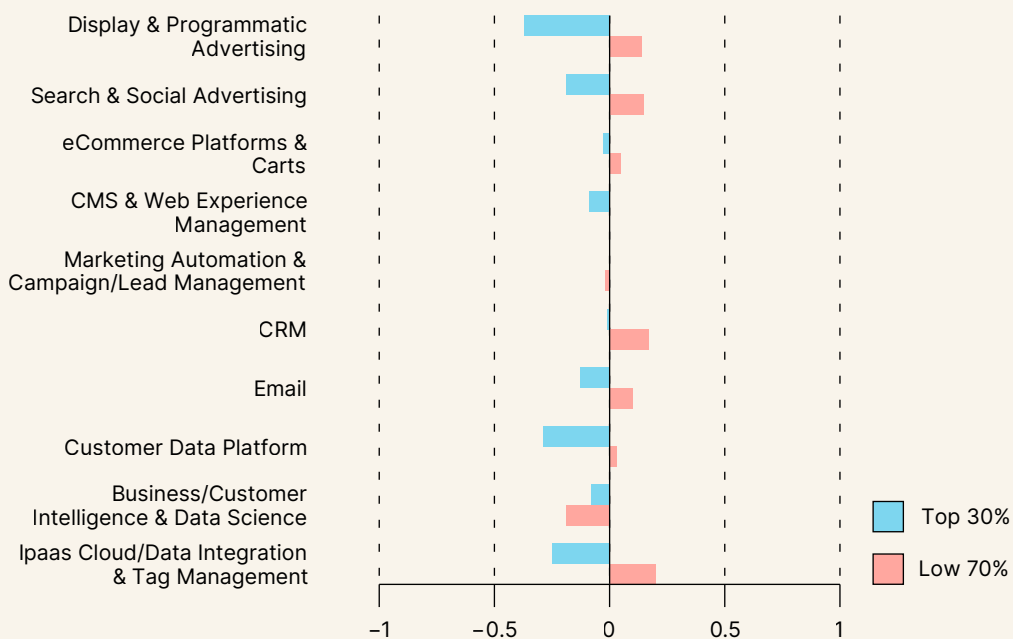
Source: MartechTribe

Finally, in the Technology industry, we see relatively minor correlations in either direction — positive or negative — for both high performers and lower performers in most categories. This doesn't mean that martech isn't important here. As we saw in earlier data, it has the highest martech maturity on average of pretty much industry. Rather, it's a sign that factors other than martech maturity tend to play a greater role in firms' revenue-per-employee ratios.

4. Five Perspectives on The State of Martech 2024

GrowthLoop

Creative Campaigns from Cloud Data

A conversation with Rebecca Corliss, VP of Marketing at GrowthLoop. The following is an edited transcript of our discussion.

Rebecca, thank you for joining us for MarTech Day. Can you give our audience a brief introduction of yourself and GrowthLoop?

First, happy MarTech Day. I am thrilled to be here. I am VP of Marketing at GrowthLoop. I actually got my start at HubSpot as one of the first 50 employees way back in the day. It was an exciting time to be at HubSpot and it's where I fell in love with martech and data — I went all in.

From there, I started exploring the world of data for products around the future of work, which was very exciting. Eventually, that led me to GrowthLoop — it brought me home, if you will, back to the martech landscape.

For those who don't know GrowthLoop, it's a leading composable CDP. In short, that means we sit on top of the data cloud so marketers can access all the data within the cloud to create extremely targeted

audience segments and activate those segments to cross-channel marketing campaigns.

With the current advancements in marketing technology and the integration with cloud data warehouses, how is this transforming marketing strategy and operations?

It's opening a powerful door. The best marketing uses content that is super specific and valuable to the user. That's what we all know. And the more we can use what we know about a customer — like who they are, what they love, what they need, and what their pain points are — the better marketing we can do.

To make that happen, an organization should invest in its data cloud and create a massive brain of first-party data that understands all customer's actions across product, marketing, sales, engineering — you name it. That door I mentioned before is an opportunity for marketing to tap into this brain, which means creating the most targeted audience segments possible directly from a company's source of truth.

Data owners have been putting together this data cloud by assembling a wide range of data sources. For example, they pull in any metric any department is measuring and looking to understand. So, if it's data from the product side, it's product usage, product adoption, logins, or user roles. On the sales side, it's what products a customer likes, what type, when they like to buy, what they buy, and where they like to buy it. Data scientists are also applying interesting models in the cloud, like churn prediction or propensity to buy, to derive useful insights for the business.

Marketing can now leverage all those different data sources from across the business (and the output from these models), which opens up a big opportunity for personalization and even more effective marketing. And prior to today, this has never been easy for marketing to access.

Help us see some of the new kinds of campaigns that marketers can invent by leveraging this data.

> First, can we go on a little walk down memory lane in terms of what data has been in reach to-date? In my old school HubSpot days, we used to do some really A+-level MacGyvering to get data into our martech. Digging up exports that marketers would bring into our systems, perhaps begging and pleading for engineering support along the way.
>
> Now, it's a bit better, and we're able to benefit from native integrations, which is awesome. But there's still so much more data out there in the enterprise. We're at the next frontier and should push to get access to everything.

So for those who have that access to the data cloud, what are some of the campaigns they can create?

> So here's an example from a customer of ours who is a retail media network. They have a mobile app. And now, this is groundbreaking — are you ready? They make sure they don't advertise their mobile app to the people who already have it. It's groundbreaking! Sorry, I'm jesting a bit. But think about it: We've all had this experience as a consumer. And depending on the complexity of your organization, that's harder to do than you might think. And yet it's bread-and-butter marketing and important for customer experience.
>
> Here's another one from a customer who is a well-known golf brand. I can't name them today — but we'll just say they are beloved. They are fully bought into first-party data and working hard to understand everything they can about their customers. They've figured out that the more they know about a customer, the more they can drive brand loyalty. So the data they're collecting are things like where their customers like to attend golf events, when, what they buy, how many people they go to events with — things like that.
>
> With all these attributes, they are able to make much more expensive yet targeted media buys. And even though they're more expensive channels, they're getting a much higher ROI because of the granularity of the targeting.

And of course, everybody's favorite topic: AI. What advancements in AI are you finding most exciting for enhancing user experience and sparking creativity with marketing teams?

> I love seeing AI in UX as a way to reduce the barriers to entry for product adoption.
>
> For example, earlier I mentioned old-school marketers MacGyvering how to find data and bring it into their systems. GrowthLoop's approach to using AI for UX is to let marketers speak in their own words to build a marketing audience from data within the cloud. They can describe what they need, who they want to target, and GrowthLoop builds it for them.
>
> Using natural language to make things happen is beautiful. The user doesn't need specific or new skills to access the data they want. They can get there just as naturally as speaking, and then focus on what they uniquely bring to the table, which in this case, is the creativity of marketing.

How do you think this changes the ability of marketers to use AI, not just as a tool, but really as a collaborative partner in ideating new marketing segments or new campaign ideas?

> To think about how helpful AI can be for ideation, picture a human collaboration partner that you've worked with side-by-side. Those collaboration partners, or thought partners, often provide either a flashlight or a springboard when helping you think of new ideas.
>
> "Hey, have you thought of this? Have you thought of that? Maybe what about this?"
>
> As a flashlight, that thought partner is bringing up new, specific things you might not have thought of yet. And as a springboard, they often trigger new ideas in your brain. Using AI for those two ideation mechanisms is great. "What haven't you thought of yet, and what can you now think of because of that suggestion?"

At GrowthLoop, we're doing the same by using AI to suggest marketing audiences for campaigns. When you tap the data cloud directly, you have a whole new span of company and customer data at your fingertips. But that also can be daunting when you're first getting to know it. We want to be as useful as a flashlight or springboard, suggesting things that you might not have thought of yet. "Would this be useful to you? What ideas does this trigger?"

Now, you can always think of ways to better market to your audience, which will help your customers have a great experience while you meet your goals.

With more seamless access to data cloud data warehouses, do you see a change in how different teams across the organization are working together — marketing, sales, operations, customer service? Any examples?

We're definitely seeing a lot more collaboration, especially across the data org and the marketing org. Before, marketing primarily focused on how to collect marketing or campaign data to report on marketing performance. But now with the data team building the data cloud, marketers have an opportunity to leverage information related to the broader performance of the company, and the data team is becoming a new partner to marketing, suggesting: How can we use this new data to drive business value?

One of our great customers, Indeed, is really forward-thinking in terms of how the marketing, sales, and data organizations work together. First, they're making sure cloud data is accessible to all of their business counterparts. They're also thinking about how to create a shared language to work together better cross-functionally. They're doing things like making sure they have data dictionaries about the available data to make it easy to understand what fields exist and how you might use them.

They also establish secure permissions — not to lock people out, but to make sure that when a marketer digs in, it's going to serve them well. For example, if a data table is not ready yet, they make sure it's only used when it is. The leaders on the marketing and data side are now so much closer, because they see the opportunity from collaborating and driving the business together.

What should marketers prioritize to be able to learn to stay ahead in the field?

> I think marketers who work to collect as much context on what's happening in the organization will ultimately be able to come up with the best strategies and have the biggest impact. So what that looks like for a marketer's career is saying: "Okay, I understand my lane, but how does this impact product? How does this impact sales? How does this impact customers? What are they doing that could impact me?"
>
> And marketers should always look to learn strategic context, too. What are other groups' priorities? How are they measuring that? What data are they looking at? What data is important to them to do their job? Because it could be that their data could also help you and your job. You could meet more than one objective by leveraging data output from other organizations.
>
> This data-first way of thinking is especially true and helpful for a career in marketing ops — but there's an opportunity to extend it into performance marketing functions, demand functions, social media, you name it. Every function can think about how to get more context with data to be a smarter marketer.

What are the new kinds of leadership opportunities this presents for marketers in their careers? What's the potential for career growth that you would advise people on?

> Those who open doors for others win for themselves and win for the company.
>
> For example, "leadership is about creating the conditions for self-empowerment." That's one of my favorite quotes. If you have that top-of-mind and think about how you can open doors for others, or what you know that can enable others, that is powerful. It also makes a really powerful culture, team, and organization.
>
> So, I think leaders will apply this idea to open strategic doors, as well as data doors, for others.

Any closing advice that you would like to give us and the community?

> The world keeps on changing. Assume it will continue to change. When you don't know what's going to happen, the best path forward is the one with the most options. Always think about change with optimism.
>
> Think of the evolution of martech — it's enormous! So, if you don't know where you're going, pick the path that is likely to have more open doors on the other side. If that's your philosophy as marketing changes, as AI develops, as martech develops, and as the data cloud develops, you will have the highest likelihood of success.

moengage

Advancing Cross-Channel Marketing with AI & Data

A conversation with Raviteja Dodda, CEO of MoEngage. The following is an edited transcript of our discussion.

Ravi, thank you so much for joining us for Martech Day. Could you start by sharing with our audience a bit about your background and MoEngage?

MoEngage is my second startup. As of this July, we will be 10 years old. Before MoEngage, I ran a consumer company called DelightCircle for three years. It was a mobile app that helped people discover offers and coupons from local stores and retailers. When we were building it and scaling it, that's when we saw the challenges of driving customer engagement ourselves.

There were a lot of legacy marketing cloud platforms out there which were addressing the needs of early Internet businesses. But as businesses became more mobile-first, with a lot more data being generated, we felt in need of a more modern customer engagement platform for this new world. That led us to the idea of MoEngage, which we started in 2014.

Before all that, I did a brief stint at Cisco and did my undergrad at one of the premier Institutes of India IIT.

So MoEngage is an insights-led customer engagement platform primarily focused on consumer businesses. We empower marketers

and product owners with relevant customer insights to be able to deliver highly personalized experiences across channels. MoEngage is used by over 1,200 customers globally, including the likes of Deutsche Telekom, Garmin, Flipkart, Loblaw Group, Dominos, JPMC and many others.

How is cross channel marketing evolving, and how do data warehouses and customer data platform CDPs fit into this?

If you look at the early 2010s, cross-channel marketing with the first-generation marketing cloud platforms was just about like email and SMS.

But over the last decade, with more channels available for consumer brands to engage with customers, including mobile messaging, mobile apps as an essential part of the customer journey, and then channels like web, TV, advertising, messaging apps like WhatsApp, and so on, we have seen brands adopting cross-channel marketing over six or seven channels.

MoEngage, we believe that cross-channel marketing should be less about channels/ campaigns and more about data-driven insights and real-time engagement.

When it comes to data warehouses and CDP platforms, brands typically use CDPs to ingest data from all these different touchpoints and pipe data to cross-channel marketing platforms and other destinations. CDPs initially started off with a unique value proposition of unifying data from all these different sources without brands having to integrate different SDKs and APIs. But with the evolution of cloud data warehouses and reverse ETL tools, there have been questions about the kind of role that CDPs play.

Brands should focus on the jobs-to-be-done and their use cases, which solutions fit their needs instead of getting too caught up with zero-copy architectures or how real-time is real-time. Brands should look at what it takes to implement their use cases and evaluate tools from that standpoint.

With the rise of cloud data warehouses and more company operations feeding into those cloud data warehouses, what new possibilities do you see that marketers should consider?

> I would start by noting the adoption of cloud data warehouses, especially for leveraging behavioral data, is still in a nascent stage right now. It's something that's rapidly evolving. And some of the cross-channel marketing platforms, including us, have made it possible to bring data from the warehouse into richer customer campaigns and experiences, by combining with real-time behavioral data.
>
> I am excited about the possibility of platforms like us operating directly on top of the warehouse, where marketers can create segments or audiences without having to ingest data from the warehouses for certain use cases.
>
> This will be extremely beneficial for companies in regulatory industries, such as financial services, healthcare, and even companies with huge volumes of data, like gaming, OTT, and social media applications. For certain use cases, they won't need to copy data from the warehouses to cross-channel platforms.
>
> We're just launching a product called 'Warehouse Audiences' in this direction.

So the big topic of today is AI. In the context of cross-channel marketing, what do you think are the most valuable use cases being unlocked or can be unlocked in the year ahead?

> First, AI is not new in the professional marketing category. Many companies in the professional marketing space have done work around AI, from dynamic content optimization to predictive modeling. But there's a lot more happening today in AI with new models — and, of course, generative AI.
>
> These are all going to be a big tailwind for the cross-channel marketing category. After customer support, I think cross-channel marketing or the marketing more generally is going to be the major category in which we see significant tailwinds in terms of innovation, in terms of growth.

Today, it started with text-based AI, like ChatGPT, which is revolutionizing content generation. We are seeing with our own products significant adoption of AI capabilities for generating a lot of AI variants. Marketers can more rapidly experiment and drive better results. Next, we'll see more visual AI, enabling you to generate creatives at scale.

Obviously, there are aspects around copyright governance that need to be looked into. But there's a lot of advancement we expect to see that could significantly leapfrog what's possible from a marketing standpoint. We will also see applications where marketers can interact with a co-pilot or an assistant to create audiences, to create campaign workflows with prompts and natural language. And then instantly get insights on their campaigns or workflows. AI is democratizing the access to analytics and many of these more technical aspects for non-technical marketers.

I think one of the biggest applications will also be content localization. If you look at marketing for a global company like Garmin, which needs to send marketing emails across 70+ countries and languages, localization is a big challenge. It can now be readily disrupted with AI.

Conversational AI has also been a big trend over the last few years with messaging applications. However, many of the implementations and deployments were initially rule-based. I think we will soon see brands having near-human interactions via these interfaces. Those are some of the things I'm excited about.

Personalization has probably been the most common objective in marketing technology for the past 25 years. But it keeps evolving. What is the state of the art in personalization today?

For almost every martech company, if you see the homepage of their website, personalization is one of the top of the features promoted. Everyone talks about it.

Historically, personalization has been around outbound channels, like email, notifications, SMS, advertising. There's been a lot of focus on personalization in these channels.

However, on-site experience and in-app experience personalization, in real-time, can now be more important value drivers for brands. Marketing budgets are already tight, spending to bring people to your website or your app. You want to make the most out of that traffic. That means brands need to use marketing technology that enables them to really personalize and rapidly experiment these onsite experiences and in-app experiences — without the involvement of IT or engineering on an ongoing basis. This can really drive higher ROI.

The second trend I'm seeing is personalization at the journey layer. It's just not about personalizing certain touch points, like your email or an onsite or in-app experience. It's personalizing the combination of channels — outbound, inbound channels — and even service experiences downstream. A lot more will be made possible with the advancements in AI to optimize and personalize these journeys for each individual.

What are your thoughts on composability in martech and the experiences it enables for customers?

If you look at any two companies in the marketing technology space, they almost always have some overlap. Even though there is a larger trend of consolidation for multiple use cases on a single platform, I believe that every marketing technology platform needs to be composable or modular. Brands should be able to compose software modules, APIs, and data from different platforms to achieve the use cases they envision.

From our experience, working with 1,200+ brands, segmentation or audience building is an important aspect of cross-channel marketing. But each brand has their own preferences. Some like to do it all on our platform. Some like to do it in a CDP. Some like to do it on an internal platform. You need to offer composability so that even if brands want to do audience building somewhere else, you can enable that.

Every marketing tech platform should focus on composability, expose a lot of APIs, and build a plethora of integrations. Integrations are so important. We have a dedicated team that focuses on building integrations. It's important for brands to deliver

their use cases by leveraging what you call best-of-feature. I read your last report. It's not about best-of-breed anymore. It's best-of-feature, where you're able to take different features from different platforms to deliver the use cases you imagine.

You are definitely preaching to the choir. How do you see the most successful marketers adapting their organizations, their internal collaborations, to harness these new capabilities?

It continues to be challenging for marketers as products become more sophisticated and they need to interact with so many different teams to achieve their business goals. What we have seen is that the most successful companies in cross-channel marketing have built teams across marketing, product, data, and engineering. Martech or growth teams with representatives from these different functions create strong alignment towards shared business objectives.

That's key for brands to activate more of their data and be able to experiment rapidly.

We are seeing more and more data platform teams in our conversations, in purchasing evaluations and post-purchase as well. The data function is a lot more involved than in the recent past.

Cross-channel calls for cross-departmental teams. Are there certain talents and skills that marketers should focus on developing to keep pace with these new possibilities?

As we just discussed, it's becoming more challenging for marketers with more sophisticated tools available. But one thing I want to touch on is that traditionally marketing was very campaign-centric, mostly for historical reasons.

They would create a CRM strategy that is more hypothesis-driven. Every brand is different and customer behavior is changing rapidly. We need marketers to be more growth-oriented, more data-driven. And cross-channel marketing strategy needs to be more insights-led. Those are skills we believe marketers have a lot more opportunity to develop.

The other part is that even though a lot is now possible with automation — or will be possible by automation more and more — human creativity is still irreplaceable. So with all due respect to the things that are now possible with new tools available, marketers should strive to be more creative and push the boundaries of what's possible.

One more closing question. What are you most excited about for the year ahead?

There's so much happening every day. We are constantly seeing new AI models that perform better than the previous ones. Things that we felt were impossible, almost impossible, a year ago, now made possible.

I'm excited about how the interface of various marketing tools — and even the workflow — could be completely different, completely rethought from scratch in an AI-first world. Obviously AI will be embedded in various aspects of existing products. But instead of just looking at incremental innovation, how could you really rethink, from the ground up, the jobs-to-be-done? Will platforms look completely different in the AI-first world? That's something I'm very excited about.

Marketing and The Data Supply Chain

A conversation with Jonathan Moran, Product Marketing Director at SAS, and Regan Yan, CEO of Digital Alchemy. The following is an edited transcript of our discussion.

Regan, Jonathan, you want to give folks a bit of an introduction for your background?

Regan: I'm the CEO of Digital Alchemy. We're a specialist martech and marketing automation consultancy. We work with lots of brands implementing and managing marketing automation. One of the key differences between us and lots of other folks is that we actually stick around and work with our clients on an ongoing basis to operate the marketing automation platform. As we say, we eat our own dog food.

Jonathan: I work at SAS, which is a data management analytics provider. I'm the head of martech solutions marketing there. Within our martech line of business, we sell our CDP and journey orchestration and activation capabilities to brands around the globe. I've been in martech for about 20, 25 years working with a variety of data and application companies. I haven't always been the marketing guy. I've done development, installs, business consulting, and that sort of thing. So really spanning all angles of martech.

Let's start with a little provocative question. Have we spoken too much about technology stacks and too little about data, architecture, data operations, and a data supply chain?

> **Regan:** Absolutely. At Digital Alchemy, we do three things. We fix marketing automation implementations. We scale them. And we build new ones. Most of the work we do is fixing existing implementations. There's far too much focus on which platform you're using and not enough focus on feeding that platform with the right data.
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> There's a lot more marketing automation implementations in the world than there is actual marketing automation. Every week when I'm talking to prospects and folks in the industry, I have those conversations. When I'm talking to people who have just implemented a new platform, the problems are nearly always the same: there's never been enough focus on building the data layer to support automation.
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> **Jonathan**: I would certainly echo what Regan's saying. Getting the data right is always job one. The data is commonly an afterthought, but it's so important to get right up front.

So as brands are pivoting to use more zero-party, first-party, second-party data — a lot of parties here — what are the hurdles that they're facing and turning their strategies into reality?

> **Jonathan**: Great question. I wish there was only one hurdle, but there's actually a number of them. I'll list out five or six really quickly.
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> Data design: the very beginning of the process. How do you design the data and the systems around the data properly?
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> Data collection: how do you collect the right data from the right places? And can you do it efficiently and even in an automated process?
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> Data normalization: the organization of data, which includes data quality, identity management, resolution, those sorts of things.

And once you normalize it, the fourth thing, data transformation: enriching data and preparing it for downstream use cases, such as predictive analytics or pattern detection, behavior signaling.

Fifth, once you transform it, how do you create audiences to actually engage? Integrating normalized and transformed data to create those audiences for customer engagement.

And then finally, once the audiences are created, you've got to do something with them. Audiences are essentially a grouping of data. So how do you activate those audiences over a variety of channels? How do you get that right?

Those are probably the main six or so challenges.

Regan: Over the last five or six years, there's not been a lot of focus on first and second party data. Using third party data has been super easy in the digital world. But it's made us lazy and it's made our marketing less specific to our customers.

The way I describe this is, third-party data is like having a Tinder profile. It's specific and it's mostly accurate about who you are, but it's also the same information that everybody has about your customer. So if everybody's using third-party data, everybody's using the Tinder profile, everybody's using the same public profile of somebody. It is some reflection of who they are, but it's never exactly who they are.

But if you get into first-party data and you really understand who your customer is, from a one-on-one interaction, then it's like going on a date with somebody. You're having a one-on-one interaction. You can only build an emotional connection with your customer when you have that.

I think first-party data is absolutely, hands down, the most important data an organization will ever have because it describes and allows us to build emotional connections. But it's really difficult to put together. And it's why most organizations tend to focus on third-party data, and marketers prefer third party data, because they can use it without their IT department.

> But, you know, it's absolutely 100% worth it. Because that's where the ability to create an emotional connection with your customer comes from.

Talking about first-party data, there's a lot more than just digital. There's physical channels, offline channels. Is it worthwhile to tap into those and how hard is it to access them?

Regan: It's difficult because the way that digital data is created has all occurred in the last 10 or maybe 15 years. When all of those online digital systems were designed, people were thinking about marketing.

But when your banking system was designed, when your telco system was designed, when your POS system was designed — in many cases, some of those systems 40 years old — they weren't thinking about marketing. They were thinking about transaction processing. Even connecting transactions to customers in a reliable way is difficult sometimes.

Connecting personal loan systems, credit card systems, mortgage systems, the POS system, etc. to the loyalty system and to the CRM — the systems weren't designed to be integrated and they weren't designed to think about the customer. And they were certainly not designed around marketing or a marketing purpose.

I think a lot of organizations over the last five years or so have fooled themselves into thinking that the digital world is everything on a lot of the platforms. They only focus on the digital data. But 90% of what goes on with your customer is actually occurring in all of these other systems. And putting them together is difficult.

What we see is that people implement marketing automation, and then they use it for a little while and go, "But I need to access all of this other data…" and then they have to go back and reimplement something like a CDP to actually bring all of the all of that data together.

Jonathan: To add onto that, if you can't access and leverage and stitch together the proper data, then your marketing operations are going to suffer.

I think there's a recent metric in a martech report from LXA that found that 75% of brands agree that data is the foundational layer that underpins the effectiveness of their stack. And the data stack is shifting its focus to facilitating collection and processing and activation of zero and first-party data over third-party data. I think that's why we're seeing the prevalence of so many CDP vendors. Everybody's got a CDP, but collection, integration, and access challenges will always be present where there's a need to centralize and unify the zero and first-party data. And then some degree of second-party data across your ecosystem.

What are the common challenges we hear from our customers?

Access: can't get to the data I want. I can't get to unstructured data, such as IOT streaming device data. As a marketer, I can't get that from the other parts of the organization.

Granularity: when I do get to that data, it's not at the right level. It's not at that individual customer level. They only give me an aggregated kind of data dump.

And third, it's not updated in real time. It's just a batch based job. CDPs — and yes, SAS has a CDP — have to have been designed to solve these kinds of challenges.

Let's dig a little deeper into some of those data challenges.

One in bringing all these different data sources together is normalization. How do you transform that data in a way that it can be related to each other, for actionable, more actionable insights or actions?

Jonathan: So I think if your data normalization challenges center around moving from unstructured data, IVR data, text data, streaming data, to structured data, or relate to joining anonymous data to known profiles or tables, there are several things I would recommend.

First and foremost, and this is going to sound very trite, but study your data. Know your data dictionary.

The best marketers I have ever worked with are the ones that have the best handle on the business data. From there, you can then start investing in technologies and techniques such as strong identity management and resolution capabilities. Other analytical techniques can aid you in normalizing data for modeling or machine learning purposes, things like feature scaling and rescaling, coding, parsing.

For instance, where you need to fill in missing values — and this is very common — marketers and organizations looking at how they can fill in data gaps in order to either mitigate bias or do full-feature modeling, then synthetic data generation is a great alternative.

Regan: The reason you normalize data is so that it's consistent, right? So that the date of birth is always in the same format. So that your account indicators are always right. And you don't have weird values in there.

Because you can't automate a campaign if every time you run the campaign, you're going to get a different result, or you're going to get a weird result. Normalizing data is super important from an automation perspective. If you don't normalize the data, if you don't create consistency in the data, you can't automate.

But the thing that is also important around data processing is denormalization. Because a lot of the data that is coming out of our core and legacy systems is highly transactional. If you want to run campaigns on, say, people who made a transaction in the last 30 days, then you don't want to go running through all of your transactions, for the last 30 days, and figure out who didn't make a transaction, because that could be, a couple hundred million transactions. So denormalizing data, taking and summarizing transaction data into buckets and into summaries of last transaction, how many transactions, value of transactions, and things like that.

Things that are commonly used in a marketing campaign. This is really important because it reduces the amount of work that you have to do in the campaign execution, but it also makes sure people are using the same definitions. You'd be surprised how many different definitions people can come up with for last active date.

And if you're running a bunch of campaigns of last active date, and you've got five different analysts building campaigns with five different definitions of last active, because they have a different view of what transaction means active, then that creates all sorts of weird results.

What about second party data? How should we merge that into our data framework? And is it worthwhile?

Jonathan: Zero and first-party data are gold. But right behind that comes second-party data. But the fact of the matter is, second-party data can sometimes be a wild card because it takes so many different forms. Flat files, social profile data, survey data, and so on. It comes from a variety of different sources, voice of the customer platforms, data clean rooms, relatively new ad sources, etc.

This is where CDPs — or the concept of a CDP — come into play. The goal of CDPs is to handle appending second-party data for you in an automated fashion. To ingest and combine the data sources, to prepare the data sources for predictive and prescriptive activities, prepare them for inclusion in audiences.

One thing I would add here is that leveraging second-party data doesn't always mean moving the data into a CDP that resides in your marketing cloud. There are vendors — SAS is an example — that take a hybrid data approach, which means there's no lift and shift of data that's required. It can be leveraged for all of these activities without the time cost and risk associated with data duplication and movement. I mention that because for brands considering how they use second-party data, there is a way to use it without having all the ingestion and normalization and transformation if they take a bit of a hybrid approach.

Let's go back to earlier in the process and the importance of design. Could you discuss the importance of automating data processes for campaign efficiency? How to think about designing a data strategy with automation and future scalability in mind?

Regan: The key is thinking about automation from inception. When you're designing the data, think about somebody that you

haven't met yet, who hasn't even thought about a campaign yet, but is going to want to use this data to execute a campaign on a daily, weekly, or hourly basis. Designing data for automation is really important, because what's really important in automation is consistency. The data has to be presented to the platform in exactly the same way, in exactly the same format, in exactly the same timings, every time.

If you don't, then you can't automate a campaign because there's inconsistency in the way that data is presented to the platform. And you need to be able to check whether that data is consistent. So if you're loading up a file and you expect a thousand records in that file, but there's 100,000 records in that file, then you need to be able to warn all the campaigns that are going to execute off that file that there's probably something wrong with that data. Or, if you see values, if your normalization processes see values that you haven't seen before, then you need to flag that so somebody can have a look.

The way we design this is to think about the Toyota factory. So in the Toyota factory, if there's a problem on the production line, the whole production line stops. They fix the problem and then the production line starts again. So when we're designing these processes, we have a set of checks and balances as we're loading data. And some of those, if those criteria are not met, we stop the campaign schedule until we can resolve it.

Understanding the data and making sure that the downstream processes can operate 100% consistently and have checks and balances. Don't build a campaign or build a process and think that it's never going to change, because it does. Because stuff happens to the upstream processes all the time.

In our preparations, you talked about different types of data you should touch, you shouldn't touch, color coding. Can you elaborate on that?

Regan: One of the things about marketers is that they often don't have access to 100% of the data. They've got access to maybe 30% or 40% of the data. And there's all this data that they wander around the organization and find that new. But very rarely has that data

been created for marketing. And so it can give you some interesting results.

So what we do is put in a process where we score the data and use traffic lights. If it's green data, this data has been used in marketing before, and we know it's reliable. You can automate off it. It always looks and feels as it should. You can build a campaign and automate that campaign straight away.

Then we have orange data that's used in lots of campaigns, but sometimes we're not 100% sure that it's always right. We have a process where you run the campaign three times if you're using any orange data. If it runs three times consistently, then you can put it into the automation schedule.

Then you have red data and red data is something that we've never built an automated campaign on. You can still build a campaign but you run it manually, you check the data, you check the outcome, and you do that until it's consistent. Because you may have to go back to the system owner and say, "Hey, what does this actually mean when I get this code? What do I do when I get this strange piece of data?"

You don't have the same QA process for every single campaign, because QA can take a long time. You know, if you're using consistent green data, you have a minimal QA process. But if you're using this data that nobody's ever used in marketing before — red data — you're really rigorous around your quality checks around the execution.

One last question. How do you see anticipated developments in AI over this next year changing the data landscape for marketers?

Jonathan: So I'll start by categorizing AI into two big buckets. You've got gen AI and every other type of AI. At least that's how the market sees it. But gen AI is not the only AI.

So from a gen AI point of view, it will create more data, some of which will be biased and unreliable. And this is where automation and approval will need to work flawlessly. Once organizations

create gen AI content in an automated fashion, approval guardrails will need to be bulletproof to keep bad content from reaching audiences.

From a traditional AI point of view, as more organizations start to use AI for front-end CX applications, visual and voice recognition based chatbots, IVRs, point-of-sale terminals and kiosks, those sorts of things, AI will become more and more automated as well. And as with anything that's automated, these low level customer service tasks need to be monitored and well governed.

So I predict that we will see an even heightened increase in the importance around data governance and compliance, especially with the EU AI act coming into play. For AI on the back-end, I think we'll start using more technologies like synthetic data generation to remain truthful, responsible, and bias-free.

Regan: There's a lot of talk about generative AI. And, I think it's going to transform the way we access data. Because it will enable non-technical people to query and access data that they haven't been able to to access before by basically asking a question and have that transformed into a query.

What worries me about AI is that we know that a lot of the data in those systems is unreliable for all sorts of purposes, for all sorts of reasons, which is why we do all of this data quality work. And so what worries me is that by making it much easier for people to access the data without actually understanding the data, some of these AI processes could throw up some really strange results. And sometimes it will be very difficult for us to be able to tell a good result from a bad result.

And so what worries me with AI is that people are going to take their eye off the ball in terms of the underlying quality of the data. They're going to rely on AI algorithms to answer a question without really understanding whether the answer to the question is right or not.

SYNCARI

The Data Warehouse Isn't the Be-All, End-All

A conversation with Nick Bonfiglio, CEO of Syncari. The following is an edited transcript of our discussion.

Hi, Nick. Thank you for joining us. Could start with a brief introduction of yourself and your background, a little bit about Syncari?

Happy to do that. I'm CEO of Syncari. I spent the last 20 years in SaaS and working on products and businesses that can fundamentally change how companies grow and interact with their customers.

That's what I've been focused on for a long time. I led the product and engineering teams at Marketo. Data management and data organization became something that not only fascinated me but was also a passion of mine. It's obviously no surprise that at Syncari our focus is mostly around data and transforming how go-to-market and data teams leverage their customer data in order to be more strategic in the marketplace.

We want to make data not just shareable and accessible, but truly strategic for an organization, for driving growth and enhancing decision-making. I think unified datasets will push the boundaries of AI, machine learning and plain, old human operations that still are gonna be with us for some time.

With this rapid evolution of the landscape, how should companies approach data integration and automation?

> Hopefully people aren't going to roll their eyes, but it seems like data is more confused than ever over the last few years. One of the evolutions that I've seen affect this is that data teams have a lot fewer resources to keep reinventing the same solutions over and over, thinking that it's differentiated in a company, when it's all the same stuff, right?
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> What we see happening more and more is that the buy-versus-build conversation is becoming a way more important. A lot of organizations don't have the cash that they used to have to spend on these things. But we're also seeing that buying point solutions and composing them in-house is not really working very well because it creates huge amounts of what I would call "glue code" that is untenable, needs to be maintained, and creates gaps when people leave your business. So we fundamentally believe that data is going to move more towards integrated platforms like Syncari and others that are in the marketplace today that allow teams of all sizes to implement projects faster, cheaper, with better support, and less maintenance down the line.

In your view, are there some widespread misunderstandings regarding data warehouses and how they should be integrated into the broader data ecosystem?

> Look, data warehouses are going to be with us for some time, but I think the biggest misconception is — especially in go-to-market teams — that implementing a data warehouse will solve your data problem. There's this misconception that I just need a data warehouse, and I'll just put everything in there, and all my data problems go away.
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> That's far from what really goes on, because the reality is that you need to be able to continuously unify this data across your entire stack so that your end systems reflect the changes happening upstream or downstream in your organization.
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> For a long time, many marketers viewed marketing data as all of the

go-to-market data, right? The reality is today the entire customer journey spans from ads to billings, right? That entire journey needs to be captured and managed, and you need to be able to interact with the customer at each stage of that journey and do the right things at those stages.

This doesn't mean that data warehouses aren't as important. But it means that interoperability of your go-to market stack is way more important. Especially when it comes to data for analytics and metrics. We get so caught up in ETL, reverse ETL, and all this crazy jargon that we forget that the whole point of this was to make better decisions and drive better business outcomes and grow the business. And that's where I think the biggest misconception is, that the data warehouse is the be all and end all.

Tell us a bit about Syncari's foundations. When we talked earlier, there were concepts from master data management and from customer data platforms. But you've synthesized this into your own view of the best way to support marketers with data automation.

We coined this term data automation. A lot more people are using it today, but I wrote the initial book on data automation for go-to-market practices.

When we built our platform, there were things we saw in the marketplace that were correct, which we borrowed from. With MDM, we borrowed some stuff on the right track for data unification. The problem is MDM fell short because the data unification was happening in some head end, but it was not unified back to the sources that are actually touching and creating this data. So we wanted to borrow that MDM piece, but also improve upon it with our multidirectional sync engine.

What Syncari does is provide continuous data unification, not just in the head end MDM system, but across all the connected systems that create and touch that data. So one way to think about Syncari is if you were to think about MDM 3.0, what would it look like?

Now, on the CDP side, we also borrowed some learnings from there. For instance, the CDP does identity resolution, at that top

layer of who is Nick and who is Scott. That's all good. It's great for the top-of-funnel identity metrics that you may want to manage or identity stuff you want to do at the top of the funnel. So we borrowed that capability, and we applied identity, entity resolution, into the platform. So any entity in your data model can be unified into one canonical record.

It could be opportunities, invoices, accounts, you name it, whatever runs your business. In fact, we unify Jira, Zendesk, and Salesforce tickets together. So borrowing some of that from CDPs and applying it to the entire data model is important.

Given this evolution in the tech landscape, do the traditional categories of iPaaS, MDM, CDP, still hold relevance? Or is there a shift towards a more integrated model bridging those boundaries?

I believe there will be massive consolidation in those areas, because these categories are going to increasingly overlap with each other. So iPaaS is going to do more workflow. CDPs are going to do more iPaaS. The whole thing is going to get so overlapped that there will be consolidation.

People are going to just need to do certain things. So our belief is that composability of the data technology is going to give way to what people really want to achieve: composability of their go-to-market stack.

People don't want to talk about ETLs, reverse ETLs, iPaaSs, transformations, all the things that we talk about at the tech jargon level. What they want to do is say, "Hey, I need this data to look like this. When it goes over to this system and I need it to look like this, when it goes over to that other system and I need to look like this." They want to be able to run automations across it, make sure that the data is clean, canonical, enriched, merged, deduped, and so on.

We all know that marketing technologies come and go. And so people want to be able to try a new technology, but without affecting everything else in their stack. How do they do that? You need better interoperability. That's what we think is going to happen in these data platforms.

Back in the day, think about marking automation. We started as email cannons back then. Were there landing page editors back then? Absolutely. Were there SQL databases with all your leads in it? Absolutely. What did we do? We put it all together, made it easy for the marketer to consume, and run a full digital marketing team.

We think the same things are happening in data. Today, we're focused on the individual tech pieces as opposed to just getting our data to work for our business and telling us where things are going.

Shifting away from categories, could you tell us about some of the real world problems that you see customers facing with their data today? How does Syncari aim to solve them?

I think one of the biggest things that we see with a lot of our customers is that organizational responsibility being siloed continues to cause data projects to fail. Not intentionally. It's just that you need to be able to prioritize data projects from the standpoint of the entire organization. There needs to be executive ownership and executive responsibility for the entire customer journey. Whatever that may be.

If you're manufacturing, it could be all the way into the yields that you're getting out of your fab houses. If it's SaaS, it's what's going on within customer success land. It's being able to understand the entire customer journey, somebody owning that and the data and processes that go all the way through it.

In the past, in marketing, we thought of that as marketing automation. Orchestrating and curating the entire customer journey. Now we all know that if you want to orchestrate the entire customer journey, from ads all the way to billings, you need a broader view. The problems we see happening in companies are when no one really owns that. Finding the person in the company that really owns this is difficult.

We find pockets of marketing trying to solve some of these problems. Sales is trying to solve some of these problems. Finance is trying to solve some of these problems. There needs to be something that cuts across that.

RevOps is, in my mind, still the thing that we want to see happen. Getting RevOps to be the seat at the table that can orchestrate that data. Someone to unify data across your business so you know what's going on in every layer of your organization. So you can report on that to your board, to your staff, to your teams, to the sales organization, to the sales leader, trying to figure out where next quarter's forecast is going.

What do you think are some of the challenges RevOps needs to overcome to really get that adoption, to be able to get that buy-in across more organizations?

When RevOps succeeded the most was when the CEO or CFO owned responsibility for making it happen. When that was the case, we saw RevOps working in a lot of companies.

RevOps leaders come in different shapes and sizes. It is a complex role because you have to be politically astute about how to drive other organizations that don't report directly to you. But you really do need the position power in order to drive decisions or escalate driving those decisions.

Where a lot of power was revoked from RevOps folks, it was a shame because really they were all trying to do the right thing. How do we better manage the business across all these different teams? How do we make the right investments? How do we manage our customers better? How do we provide the best customer experience we can? But it got jammed up in politics and who owns what piece of the data, you can't log into my systems, and stuff like that.

But we believe that will eventually give way. We saw it happen back in the day with ERP. So it's just a matter of time before the RevOps function is viewed like the CFO's org. When that happens, you will see a lot of this stuff come to fruition more clearly.

How do you think developments in AI are likely to affect the use of data and marketing over these next 12 months?

The majority of AI is impacted by the cleanliness of your data. So let's start there. If you have an AI model that's being fed junk, you're

going to get junk results out of that model. We spend a lot of time in the model creation, but we don't spend enough time making sure the data is clean or that we have the right data.

The data is malleable and changing all the time. You can't just do a one time clean up operation for your data and expect that everything's going to be hunky-dory from that point on, your model will work great for that dataset that you just cleaned up. The reality is business data doesn't work that way. It's ever changing. Always changing.

We spend a lot of time and try to get people to understand that, look, if you're going to go down the AI road, or you want to predict the likelihood of an event happening based on your data, you need to make sure that data is not only clean one time, but that it's continuously clean. And continuously in the shape that your model expects it to be in order to have the most accurate AI.

It's been said that there's been almost too much focus on the technology of the tech stack and not enough on the actual data that makes this technology work.

Yeah, we learned that. We learned that it helps out in Marketo, right? Like we literally could not do the things we wanted to do for our customers because their data shapes and cleanliness was all over the map, right? Data quality matters.

So with all the continuous evolution in this space, do marketing professionals need new skill sets? How should they prepare for that?

If you think of what's going on in marketing today, the things we used to don't work right now. New things need to happen and emerge.

When we transitioned from traditional marketing into digital marketing, the marketer, the heads of marketing in those days, were not savvy on digital marketing, right? That is where the rise of marketing ops came in as part of your digital marketing strategy to be able to run these digital marketing campaigns.

We all talk about data ops, but data ops at the moment has been thought about as the guys who understand the technology. We need to get to where data becomes more a part of marketing, that it becomes part of the marketing person's role to understand where the data is, where it's going, where it's coming from.

But it needs to be done in context of the entire journey.

Any last parting advice for our audience?

I equate data evolution right now to what happened with clouds and data centers. For a long time, the tech folks that ruled the decision to build or control your own data center. That eventually gave way to developers using clouds and doing that on their own. Now we don't think twice when starting a company about building a data center. Nobody's doing that.

The same thing is happening in data.

The parting advice I want to give: understand data fabrics. Understand where they're going. Gartner and others have written a lot about what data fabrics need to be. Now, for the last few years, data fabrics have been a concept of how to do things. But with companies like Syncari emerging and codifying those concepts into an actual platform, we're starting to see that more and more.

Don't get shy with data. Every business leader will eventually be able to run some portion of the data that they control in their environment.

Stop focusing on the technologies and start focusing on the strategic advantages that your business gets from the data that you have and start using that data in order to grow your business.

WVIP

Adaptability and Composability in Martech Stacks

A conversation with Michael Khalili, Director of Product Marketing at WordPress VIP. The following is an edited transcript of our discussion.

Michael, could you start by sharing with our audience a bit about your background and your current role at WordPress VIP?

Sure. I've been working in the technology sector for, jeez, 20, 25 years now. In a marketing role for about 20 of those and in martech for maybe the last 8. I am currently the director of product marketing here at WordPress VIP. I've been here about three years.

My team and I are responsible for taking our products to market. We sit at the nexus of product and marketing, which is an interesting place to be as we talk about how people use martech to enable their marketing. It's interesting because I talk to people who do similar things to what I do day-in and day-out.

We just announced that maybe no surprise that the martech landscape is still huge. You've been around for a while. What's your take on this?

I remember when the martech landscape had a lot of vendors, but I could look at it from a distance and recognize the logos. I could be like, ah, I know someone over there. And I used to work for that one. And this one, I haven't heard of them. Let me go look at them.

Now it's a bit of an eye chart. It's more than 20% bigger than it was last year or thereabouts. That's actually pretty amazing considering what the venture capital environment has been like, and the fact that the rate of growth of business formation isn't what it was a few years ago.

And yet even with those headwinds, it's more and more every year. And I think that is one of the opportunities for people who want to innovate in terms of how they manage their martech stack. But it's also a challenge because no one can look at that landscape and actually parse it. Very few people could even parse all the categories, let alone all the vendors within each category on that chart.

Choosing what you need. choosing which vendor for each thing you need, and then making all of those pieces fit together like a jigsaw puzzle. It's the hardest jigsaw puzzle. My kids do jigsaw puzzles and it's a walk in the park compared to building a martech stack.

We're going to have to come up with a jigsaw puzzle of the martech graphic. Given this crazy field we often hear the case for consolidation. But do you see a case for diversification? Is there an upside to this continuous stream of new martech?

I don't think there's a choice, is the truth. I'm definitely guilty of thinking that we'd see a lot more consolidation in the industry by now. I thought the martech landscape would evolve over time, like ERP or CRM or a lot of different categories that have existed. If we even go back to operating systems that took on more things, networking, etc.. That hasn't happened in martech.

From the customer side, it's turned out that what everyone needs isn't the same. Everyone has a sales forecast, but not everyone needs mobile marketing, push notifications, and things like that.

In marketing, there isn't the one-size-fits-all that other business processes seem to converge on. Marketing is unique and idiosyncratic and fun. And as a result, I don't think you're ever going to be able to go to one vendor and say, "Yeah, just give me everything that's on the apple cart."

How can companies deal with that? If their external environment is constantly changing, customers changing their preferences, how do you manage your stack and its evolution?

> Think about how you're going to weave the pieces together. Not just how they fit together, but how you are going to weave the pieces together. In some cases, it's pretty easy. There's a straightforward integration between A and B. In some cases, you're going to have to build some sort of middle layer between your customer-facing front-ends and the back-end systems that are powering them.
>
> Think about the backbone, the way that these things plug in together. Make sure you're thinking for the long term and that you're planning for the fact that something new is going to come around next year. Something you're using today will need to be replaced with something different.

Composability has become a hot buzzword in martech these days. There's different layers at which this happens. Composing your stack. Composing a set of capabilities. But also composing customer experiences. What does that look like in practice?

> It's different for every single business in terms of the pieces, parts, and how they come together.
>
> I'll give you an example of a business we work with. They were a customer that had a CMS handling their marketing content, they had digital asset management that was handling their digital assets, imagery, video, etc. They had a commerce piece, shopping carts and such. They had a product information management (PIM) system to manage all the products in their catalog. They had two different marketing automation systems. One was more email-oriented, one more mobile-oriented. They had a customer service system, products for user-generated content, loyalty, etc.
>
> They had to plug all of that together and make it part of one customer experience. Make sure it all works seamlessly. Because if one part of that equation doesn't work, it's too slow, has an error, something goes wrong, the whole shebang breaks down. That's really challenging.

That's a problem that we're working to solve for a lot of organizations. A lot of their stuff is in WordPress VIP, and that's a really key piece, but it's not the only piece. How do we tie all of that together in a way that is seamless and is robust and flexible enough that as things change, you can roll with the punches.

So with those challenges of composability, how can marketers mitigate them?

The first: you're only as good as your weakest link. We all remember the one bad experience we have and none of the normal experiences. So anything that goes wrong is highly problematic. In that example I just gave, any one of those systems can have a flaw that causes that negative experience.

So one of the things that we were working on is a middle layer that handles all of the integration, performance management, caching, errors — everything, so you don't have to and so that these composed experiences work seamlessly.

Another potential risk though is just the pace of innovation. You can be out-innovated by your competitor really easily the way things are going today. And so you have to be flexible enough to build more innovative experiences, more quickly, and react to an ever-changing market. That's another piece where we're helping organizations put the pieces together faster so they don't get out-innovated.

And third: stuff changes. If you had a martech landscape that had 15 fortune 500 companies on it, you would be pretty sure those companies had the resources to be around next year, that everything's going to work, that they're going to compete with one another and all that.

But the reality is that some martech startups you work with will fail. You need to plan for that eventuality and be ready to mitigate when some piece of your martech stack exits the space.

Many martech stacks have products from different vendors that may have overlaps in functionality. Is that always bad? Are there scenarios where it makes sense?

I think it, in most cases it's just the reality. If you've got a vendor that has A, B and C, and, honestly, C isn't the best. But if you don't need the best for C, if they're tossing it in, and it works for you, great. But if C isn't the right thing for you, often you're not going to be able to get rid of C from a commercial standpoint, as long as you're economically getting value.

That's really a procurement question. If A plus B is worth more to you than what you're paying for A plus B, okay, the extra baggage with C — as long as it's not blocking anything or creating a bottleneck — it doesn't hurt. It's like your appendix or your tonsils. Parts of the human body that we don't really know what they're for. And if we remove them, like we don't break. But I'm not running to the doctor to have my tonsils out or my appendix removed this afternoon. They're fine. I will continue living.

Let's take this in a different direction. The core WordPress software is one of the most successful open source projects in the history of the web. We don't see a lot of open source solutions in martech. Why do you think that is? What are the advantages of open source?

There are three ways I could go with this.

Number one, I would challenge your premise. I think there is a lot of open source in martech, you just don't know it. A lot of the vendors in the landscape, under the covers are using a lot of open source. Now they're putting their own spin on things. They're building on top of it. They've got their unique secret sauce. But I've worked for a lot of martech companies, and I can't think of a single one that had no open source. It was just under the hood. You didn't know it was there, but it was there.

Number two, in terms of why people don't pick things that are explicitly open source as opposed to just under-the-hood open source, is that people in marketing just want to get things done.

There's a pragmatism from the technical side, and there's pragmatism for the marketing side. The pragmatism on the technical side is not having to build anything. For marketers, they're usually not thinking about long-term architectural considerations. We probably should be more than we are. But the reality is we're all just trying to do our jobs.

Number three, I do think that there are a lot of advantages to open source. WordPress is a good example of it. Everything that I've said to this point is about openness. It's the core of what we believe in as an organization, whether it's open source, open standards, open integration, open frameworks. Having that openness helps you in the long run.

WordPress has been around for 20 years now. And if you think about the martech landscape 20 years ago, it was radically different. The reason that WordPress has managed to stay relevant and stay on the forefront with a lot of those changes because of open source.

It's because it's so flexible and people can contribute to it. And it's always looking around and serving the community. It's frankly a little bit of a virtuous cycle, as 43% of the web runs on WordPress. So there are a lot of voices we're hearing and that really keeps things fresh, relevant, and modern.

Openness means openness.

One more topic we simply must cover. What's happening in your part of the martech world with AI that really gets you excited?

I've been joking that every sentence has to have a noun, a verb, and AI these days.

You know, there's a lot happening in AI. The potential around AI is huge. ChatGPT opened everyone's eyes to what's possible. And what we've seen since are certain obvious things that people did. We did them too. Let's integrate ChatGPT with the CMS. I can give it a prompt, and it'll generate a webpage for me. Awesome. So did a lot of other vendors. It's useful, but it's not the be all and end all.

The question I think everyone should think about: what are the things

that you want to solve that are most important to you? What data do you need to have in order to do that?

We actually released a new AI-driven product a few weeks ago as part of our Parsley Content Helper, which is part of our platform. We are looking at the customer's content, all of it, everything they've written, and we're looking at their performance data for benchmarking. There's a lot under the hood around privacy for this, but we're basically using AI in two ways.

We're using AI to say, "I have a new thing that I'm creating. What's similar to it?" And then what of that performs the best. I'm using that data to say, what's the headline that I could create for that, the H1 that would perform best for this content, what are the links that I should put in to optimize my SEO, things like that. What is the summary that should show up in Google that will get the most clicks?

Thinking about the problem you want to solve. In this case, get more eyeballs, get those people more engaged, and convert them at a higher rate by using data to optimize for that end goal.

Think through it from the perspective of what do you need to achieve and what's the data that you have that would help you achieve it.

And talk to your vendors. They definitely have ideas too. There's going to be a lot of really good ideas in the next few years. Going to be a very interesting evolution.

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