



NAVIGATING THE REVENUE TECH LANDSCAPE

Today a bewildering array of software and data technology promises to help businesses market themselves more effectively, steer their salesforces, determine prices and promotions, and accomplish many similar tasks.

These technologies are converging: Salesforce platforms, now help businesses price their goods; some pricing platforms help sales effectiveness; certain data providers are invaluable across the sales cycle.

In this paper, we define this landscape – what we call revenue tech(nology) – map some of the key players and explain how to avoid the pitfalls of implementation.

MARKET OVERVIEW

REVENUE TECH: A DEFINITION

Over the past few decades, as companies have sought to pursue their commercial ambitions through technology, an entire ecosystem of third-party technology providers has sprung up to support them. “Revenue tech” refers to the complex collection of technology applications and providers of analytics, insights, and decision-making support aimed at fueling top-line growth. Its core consists of three areas that directly drive revenues: pricing, sales effectiveness, and marketing. (See Exhibit 1.) Additionally, data analytics and data sources can be used in tandem with the pure-play software solutions to facilitate revenue growth. (There is, of course, some overlap between categories. For purposes of this article, we have focused our perspective on the key commercially led areas of pricing, sales effectiveness, marketing and data sources, but excluded pure-play data analytics players.)

25%
**annual growth
of revenue tech
investments
since 2010**

Exhibit 1: Revenue tech landscape: Structure of commercial technology industry

REVENUE TECH									
PRICING			SALES EFFECTIVENESS			MARKETING			
B2C pricing	B2B pricing	Promotion optimization	CRM	Sales enablement	Lead management	Loyalty	Social listening	Social media management	Marketing investment optimization
Revenue management	CPQ (configure-price-quote)	Contract and proposal automation	Assortment optimization	Visual merchandising	Sales forecasting	Digital marketing	Omni-channel-marketing	Mobile marketing	Content marketing
DATA ANALYTICS									
Data engineering		Data science and machine learning		Business intelligence		Data management		Web and mobile analytics	
DATA SOURCES									
Primary research		Secondary sources and data aggregators			People and company databases		Competitor price intelligence		

Source: Oliver Wyman analysis



A VAST AND GROWING INDUSTRY

Revenue tech is a vast space that has expanded rapidly, from approximately 2,600 companies in 2012 to nearly 8,000 in 2018, according to an Oliver Wyman analysis of CrunchBase data. Revenue tech companies raised \$10 billion in investments in 2018, an increase of 33% of raised investments in 2017. The space is diverse and competitive, with companies ranging from 1,000-plus employees to small start-ups, many of them vying in the same arena for the same customers.

Although the industry has seen some acquisitions, consolidation has yet to take hold, and the revenue tech market remains fragmented. Significant acquisitions in 2018 include: SAP's acquisition of Callidus and Qualtrics and Adobe's acquisition of Marketo, among others. To

date, there's no area where the top vendors represent the majority of the total market. (See Exhibit 2.) Even in customer relationship management (CRM), where Salesforce is the market leader, the top five vendors represent just 35 percent of the total market, according to IDC. By way of comparison, in more basic SaaS areas, like cloud services, there has been much more aggressive market consolidation: In February, Canalis reported that the top five cloud services companies commanded 65 percent of the market.

The hottest areas for investment, measured by investment spend in the last three years, appear to be mobile marketing, social media listening and reputation management, and alternative data aggregation – all dynamic areas where the landscape is evolving quickly and newcomers can still capture market share.

Exhibit 2: Revenue tech landscape 2019

A selection of representative players in the Revenue Tech space (neither ranked nor exhaustive)

REVENUE TECH										
PRICING			SALES EFFECTIVENESS			MARKETING				
Price optimization		Promotion optimization	CRM	Sales enablement	Lead management	Loyalty	Social listening	Social media mgmt.	Marketing investment optimization	Omni-channel marketing
pricefx	Prisync	EXCEEDRA	ORACLE	SEISMIC	ORACLE	AIMIA	sprinklr	sprinklr	MARKETING EVOLUTION	Adobe
APTTUS	zilliant	accenture CAS	PEGA	Showpad	PEGA	KOBIE	talkwalker	Khoros	neustar	Marketo
VENDA VO	VISTAAR	T-Pre Solutions	salesforce	HIGHSPOT	salesforce	EPSILON	Brandwatch	Hootsuite	ANALYTIC PARTNERS	salesforce
PROS.	navetti	SEQUOIA	Microsoft Dynamics 365	PITCHER	IBM	bond	NETBASE	sproutsocial	comscore	IBM
BLACKCURVE	BlueYonder	dunnhumby	zendesk		Marketo	b	synthesio	apptio	nielsen	sas
REVIONICS	PERFECTPRICE	KANTAR			HubSpot	COMARCH				ORACLE
SPRINT	EVERSIGHT	wipro			act-on	ibs				
Revenue management	CPQ (configure-price-quote)	Contract and proposal automation	Assortment optimization	Visual merchandizing	Sales forecasting	Digital marketing	Mobile marketing	Content marketing	Account based marketing	
PROS.	PROS.	rfpio	infor	SLI SYSTEMS	aviso	Adobe	braze	NewsCred	DEMANDBASE	
Sabre	Vlocity	conqa	aptos	APT	SalesChoice	Google	branch	upland	terminus	
jda.	zuora	Qwilr	jda.	UTIC RETAIL	MIR9 RETAIL	sas	URBAN AIRSHIP	Kapost	Engagio	
accelya	APTUS	Proposify	select	trax	ORIE	MediaMist	LEANPLUM	Contently	mrp	
sas	SAP		sas	FOKO	INSIDE SALES.COM			Percolate		
AMADEUS	CloudSense	pd		SEARCHSPRING	Anaplan	adform	SWVE		JABMO	
pace	FPX		7thonline	nosto	jda.					
DATA ANALYTICS										
Data engineering		Data science and machine learning		Business intelligence		Data management		Web and mobile analytics		
DATA SOURCES										
Primary research			Secondary sources and data aggregators			People and company databases			Competitor price intelligence	
GfK	SurveyMonkey	S&P Capital IQ	WORLD TRADE ORGANIZATION	APOLLO	LeadFuze	RateGain	Prisync			
POSpulse	EDITED	statista	Dataminr	node	DataFox	Numerator	LE			
roamler	nielsen	DOW JONES FACTIVA	Bloomberg	LinkedIn	LEAD FORENSICS	INFARE	TravelClick			
dynata	IRI	eurostat	DATA.GOV	Kabbage	Cognism	wiser	competera			
qualtrics		Thinknum	enigma							

Note: Selection of players exemplary, no claim for completeness or functional evaluation.

Source: Oliver Wyman analysis of revenue technology vendor space, informed by Gartner and Forrester market reports for available functional areas



HOW CAN BUSINESSES LEVERAGE REVENUE TECH?

While the growing landscape of players might suggest that companies have access to prebuilt, off-the-shelf solutions for virtually any commercial problem, the reality is not that simple. Every company has unique needs, and even when using the best data and technology, companies face substantial challenges in connecting a revenue tech solution to their systems and getting to the point where they can begin using it to make decisions. Over the next few pages, we explore some of the considerations and pitfalls in choosing and implementing revenue tech.

ONE WAY TO LOOK AT IT: “ONE STOP SHOP” VERSUS “SMART INTEGRATION” VERSUS DIFFERENTIATED CUSTOM

Currently, companies engage with revenue tech in three primary ways:

“One stop shop” solutions:

In some industries, where revenue tech winners have started to emerge, companies are gravitating toward the solutions they offer – and the business process models they imply. In some cases, companies outsource core

data analytics functions entirely, having decided that the best approach for their business is to differentiate on the business decision making that sits on top of revenue technology. The approach will work best in industries in which companies all have similar business processes and limited commercial differentiation, and their needs can be satisfied with a prepackaged commercial process, complete with workflow, external data, and processes. An example of a successful one-stop provider is Veeva, a cloud-based SaaS provider in the pharmaceutical and life sciences industry. Veeva's product suite spans CRM, content management, and a unique compliant data source of healthcare professionals and organizations, making it the leading provider of software solutions in the space.

"Smart integration" of best-of-breed solutions:

Many commercial organizations like the idea of adopting existing third-party software but, after exploring the option, quickly discover that a single revenue tech partner cannot meet all their needs. As an alternative, these companies often assemble a range of "best-of-breed" specialized solutions for each specific niche or functional area, and then develop in-house data

analytics capabilities to fill in the gaps. An example of this approach might be to select an industry specific pricing tool, and then integrate it with a cross-sector salesforce tool, such as Salesforce.com, tailoring it to assess pricing performance. In such situations, commercial organizations also develop some in-house differentiated capabilities.

differentiated custom platforms:

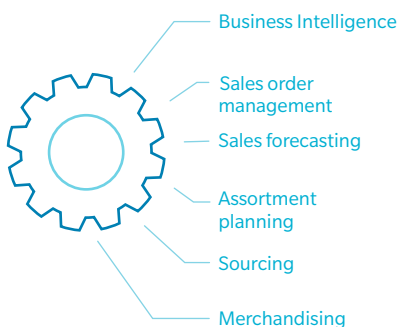
For many companies, commercial processes are an important source of competitive differentiation. These companies typically look to develop in-house analytics and decision-making platforms tailored to their unique commercial processes and business needs, turning to off-the-shelf revenue technology only for the most standard processes. For example, a retailer may use a customized assortment-planning tool to the variety of goods sold in its stores, while simultaneously relying on a standard planogram/in-store planning solution to handle more basic functions.

Exhibit 4 shows the breakdown of the three approaches, with some pluses and minuses for each:

Exhibit 3: Retailer example of taking three different approaches

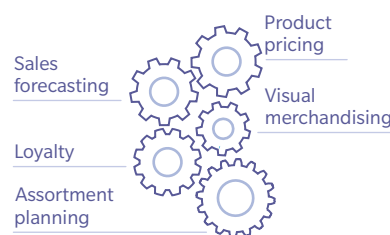
One stop shop

One vendor ecosystem



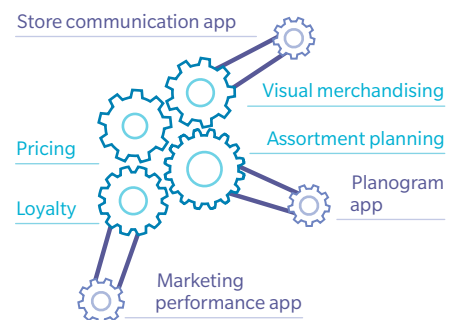
Best of breed integration

Custom integration



Custom platform and standardized enabler APPs

Custom platform



Source: Oliver Wyman analysis

Exhibit 4: Opportunities and challenges of each approach

	OPPORTUNITIES	CHALLENGES
“One stop shop” solutions	<ul style="list-style-type: none"> • May have lower cost of ownership • Full data integration/‘single source of truth’ along the workflow • Focus on differentiating business decision making while technology is outsourced 	<ul style="list-style-type: none"> • Organization's processes are too different from software • In situations where competitors use the same solution, commercial differentiation is harder • Where business requirements are very specific, features and functions might be missing
“Smart integration” of best of breed solutions	<ul style="list-style-type: none"> • Best of breed solutions allow specialized solutions for sophisticated businesses • Flexible upgrading of individual software for different functions possible (no big bang) 	<ul style="list-style-type: none"> • Data integration complexity of singular best-of-breed solutions (no single “source of truth”) • Interaction with multiple vendors required to update or solve problems • Potentially higher total cost of ownership (multiple vendors, integration, and maintenance complexity)
Focus on differentiated custom platforms	<ul style="list-style-type: none"> • Commercial differentiation and competitive advantage possible through in-house technology 	<ul style="list-style-type: none"> • Generally higher total cost of ownership, as developing, maintaining, and integrating the customized solution needs skilled resources • Integration with standard technology not always possible

Source: Oliver Wyman analysis



IMPLEMENTING REVENUE TECHNOLOGY: COMMON PITFALLS

HOW TO AVOID THE MOST COMMON TRAPS

Any new commercial software comes with its own set of traps and drawbacks. Here are the most common dangers in implementing new technology – and some steps companies can take to avoid them.

Pitfall 1 – Failure to define problems and goals

The seeds of a revenue tech failure are often planted early on, with an RFP that fails to give enough detail about the problem the technology vendor is supposed

to address or commercial goals the engagement is supposed to achieve. To get the most benefit from a revenue tech implementation, first break down the problem you're trying to solve: What benchmarks do you hope to hit? Which are the segments where you see the biggest gaps in efficiency or effectiveness? Where do you expect the new technology to add the most value? What common themes should the new technology address, and what unique requirements for the business should be taken into account?

For example, you might decide that it is critical for new sales forecasting software to bring improved accuracy

specifically for seasonal products and promotions in certain geographical areas, and that operations for those products need to be streamlined alongside the implementation to enable success later on. Whatever the requirements, they need to be part of the RFP to ensure that the vendor – and your team – knows exactly the role the technology is to play.

Pitfall 2 – Poor quality or missing data:

A software solution won't achieve the results you want if it doesn't have adequate data to work with. Before implementation, prepare your data and plan for a cleanup as a quick fix. Look for gaps: Common issues include missing data on product hierarchy classification, or low-quality data in customer relationship management (CRM) Remember that the definition of "high-quality" data depends on the goals you are trying to achieve. For example, if you want to implement a tool for promotional optimization, you need to ensure that you have data transparency for a complete margin view on three-net prices. databases.

Pitfall 3 – Failure to understand end users' decision process

In implementing any revenue technology solution, you need to look at how the end users will be affected and how your software fits in with their day-to-day tasks. For example, you may want to implement a new pricing tool for B2B business, but lack transparency on sales processes and levels of custom discounting in different countries where bargaining is common. Factoring in those differences is key for achieving wider acceptance. To overcome this common obstacle, involve different end users from the start to align on a common understanding on how commercial decisions are made.

Pitfall 4 – Not considering the needs of the actual implementation team

It's important to have the business implementation team and early users available to work with the software team

when the new technology goes live. And so it's important to be cognizant of timing: For example, it's not the best idea for a retailer to launch a new promotions tool right before Christmas. In general, plan to go live during a slow period.

Pitfall 5 – Neglecting low-hanging fruit

It's important to keep in mind that a software change always presents challenges. And typically, after months of implementation and solving technical challenges, the adrenaline wears off and business users become discouraged. It's important for commercial functions in sales and marketing not to lose sight of the benefits the new software in terms of future commercial success and more effective sales and marketing efforts. Use pilots in successive waves to create commercial results early on. By seeking out quick-win initiatives to showcase the benefits of the new software and bringing them to light in the context of individual objectives, stakeholders will be able to see themselves succeeding in future.

Pitfall 6 – Believing you're done

Perhaps the greatest pitfall any organization can fall into is the belief that once the revenue technology software has been implemented, the process is somehow "done." In fact, the real work is only just beginning: Making commercial decision tools sustainable has to be a continuous process. If pricing rules are not reviewed regularly and algorithms adapted to changing market conditions, competitors, customer needs, customer interaction and product portfolios, the solution will not keep up with business requirements. To ensure that you stay aware of whether the software solution remains effective – and to ensure that you are looking for new challenges and opportunities – set up ongoing monitoring, user feedback, and governance for refreshing the tool.

CONCLUSION: PREPARING FOR REVENUE TECH IMPLEMENTATION

Revenue tech offers companies new tools for optimizing pricing and promotions, managing salesforces, and getting more benefit out of marketing. The field is not yet mature, but its products and services are already of great benefit to companies that are prepared to select them wisely and implement them well. As you approach a decision on what sort of revenue tech to use, bear in mind that you play a crucial role in the success of the technology. Three final bits of advice:

Do your homework. Before you even consider putting out an RFP, you need to have a detailed sense of what you are trying to accomplish, which parts of your business will be affected, and who will work with the new tool. Start thinking about what data will be needed to accomplish your goals and whether you have it.

Start by choosing a general approach. Of the three approaches available – one-stop shop, best of breed, and internal builds – which one best suits your need and capabilities. Be sure to focus on areas where you need to maintain differentiation: Does one approach or another help in that goal or hinder.

ABOUT OLIVER WYMAN

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