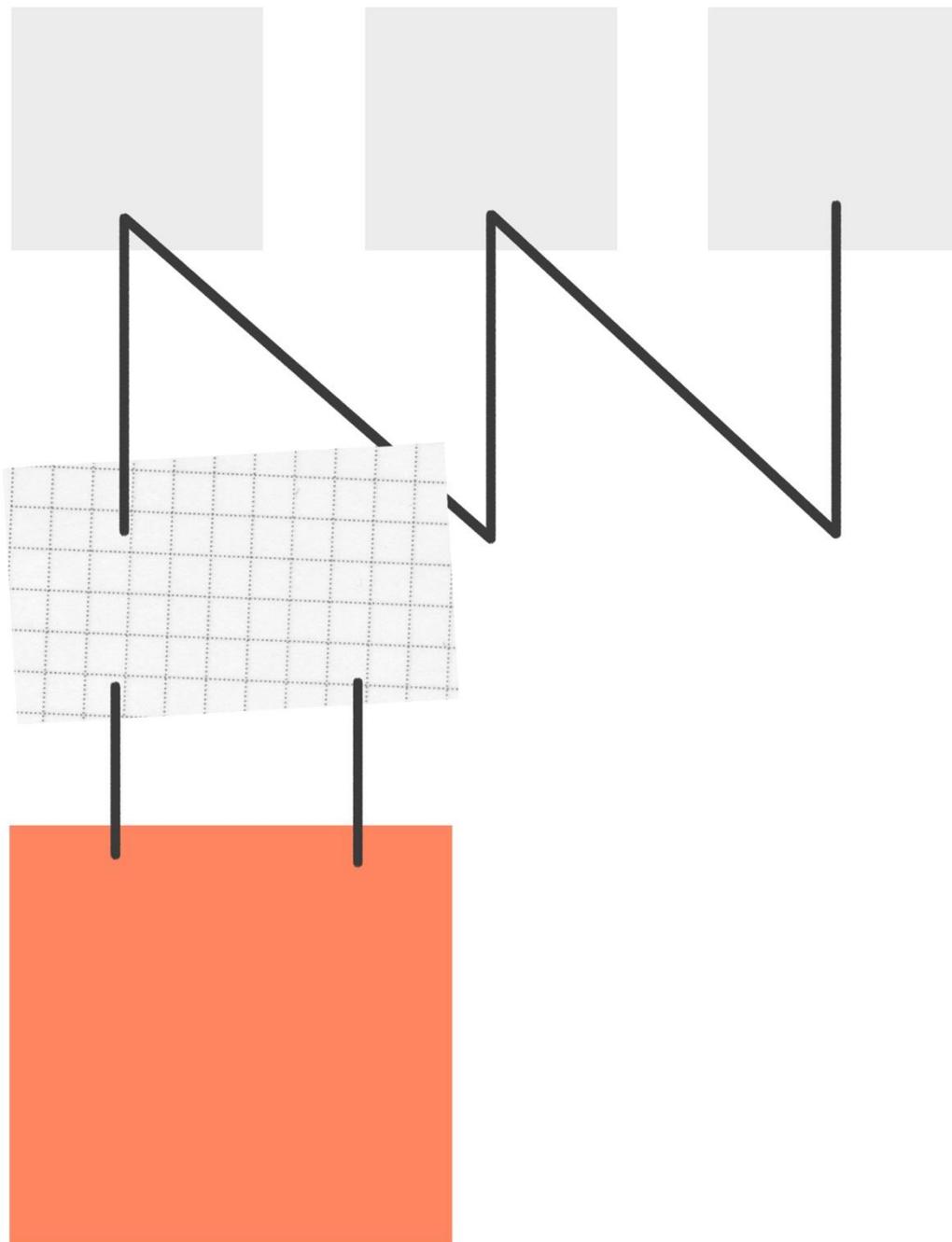


# Customer Data Platform Buyer's Guide



2019 has become the year of the customer data platform (CDP). Industry analysts and thought leaders have shared their views of marketer frustration over disconnected customer data, and RFPs for CDPs are sprouting up like wildflowers in the spring.

With the CDP category reaching the top of its “hype cycle,” more and more vendors are looking to join the party. Every vendor is leveraging its particular technical origins to define “CDP” in their favor. Most customer data platforms seen today offer additional features which are external to the CDP core. For example, you can find vendors that started as website analytics, tag management or campaign management systems defining themselves as customer data platforms. You also see marketing clouds suddenly claiming to offer CDP-like capabilities. Everyone is now offering a “unified customer view,” but these offerings are not created equal – each vendor’s strengths and weaknesses differ based on its starting point.

This has created an extremely convoluted landscape, with marketers being forced to compare the proverbial apples to oranges. Confused marketers face an almost impossible decision before selecting a CDP.

Founded in 2009, Optimove is one of the initial vendors in this market. This provides us with a unique perspective with which to help clarify the muddled picture. For starters, we believe that the following definition most accurately describes a true CDP:

**A customer data platform, at its core, ingests, cleanses and unifies all relevant customer data available to the enterprise, and provides a persistent single customer profile used by marketers as the foundation for data exploration and insight discovery, customer segmentation and multi-channel campaign orchestration.**

In this guide, we segment the CDP tech stack into five categories. This guide is intended to help you filter out the clutter and identify the best solution for your business, while keeping in mind that not all organizations need a CDP, and not all organizations need the same type of CDP.

# The CDP Tech Stack – From the Bottom Up

## The First Layer: Data Aggregation and Storage

The first capability layer in the CDP stack provides raw data aggregation and storage, by creating and maintaining a centralized repository that allows you to store all your structured and unstructured customer data, at scale. The data may or may not be curated, meaning that you can store it without careful design or the need to know what questions it may need to answer in the future.

Typically, vendors that focus on these primary capabilities originated as providers of data warehouse or data lake solutions. Solutions with this as the main capability usually require high technical proficiency of their users (e.g., knowledge of SQL) and are usually owned or operated by IT staff, data scientists, developers and/or business analysts.

## The Second Layer: Data Processing and Single Customer View

The second capability layer in the CDP stack processes the data collected by the first layer and consolidates all data points – first-party data, information systems, data hubs and sources of marketing interactions – into unified customer profiles. As part of the process, it ensures that the data is both correct and compliant, by enforcing common data standards across the organization.

This layer also allows you to maintain anonymous customer profiles and then to match or convert these leads to existing customer records when identification becomes available.

As a result, businesses can trust infrastructure-focused CDPs to get an accurate, centralized single customer view, used to inform decision-making and marketing actions. This layer is the technical foundation for customer-first businesses.

In some cases, these type of CDPs allow a limited ability to activate the processed data. These solutions are typically used by IT departments, marketing analysts or marketing operations functions. Similar to the first layer, they require high technical proficiency.

## The Third Layer: Analytics and Insights

The third layer adds strong data analysis capabilities to the first two layers of the CDP stack. However, collecting data and events from various sources and storing them in consumable formats provide only part of the picture. This data should also feed machine learning and predictive analytics algorithms that can autonomously surface insights (e.g., next best actions, warnings and opportunities). They also provide an intuitive UI for business users, facilitating access to customer data and insight discovery without the prerequisite need for high technical proficiency.

These outputs are typically consumed by the marketing team, but are also accessible to other teams across the organization. The data is also available to be translated into customer interactions. Therefore, in many cases this type of vendor provides basic execution features.

### **The Fourth Layer: Campaign Orchestration and Optimization**

The data collection and insight generation of the first three layers serve the primary goal of improving customer engagement, loyalty and lifetime value. This is accomplished by the fourth layer, which adds the critical campaign orchestration and optimization capabilities to the CDP offering. It eliminates data silos, and enables you to leverage the processed single customer view, analytics and actionable insights generated in the lower layers into customer journeys.

A more advanced orchestration layer equips you with advanced and flexible customer segmentation management, the automated prioritization of customer campaigns, support for both pre-scheduled and realtime campaigns, seamless cross-channel customer journey orchestration and more. Additionally, it loops your marketing channel stats back into the system, using AI to constantly optimize results, determining the next best interaction for each customer and maximizing uplift from each communication.

Solutions that focus on this category do not require technical skills, are typically operated by sophisticated marketers and are fully owned by the marketing department.

### **The Fifth Layer: Campaign Execution and Personalization**

The final layer originated with veteran email service providers (ESPs). It contributes a set of messaging and personalization capabilities to the CDP. Execution and personalization-focused vendors typically automate message blasts and realtime content personalization across one main channel (e.g., email, mobile push, website) or, sometimes, multiple channels.

These solutions tend to rely heavily on the data capabilities of the lower end of the stack, as they don't own such components themselves. Therefore, they don't require high technical skills and are owned and operated by the marketing team.

# Breaking the One-Size-Fits-All Approach: A Framework for Selecting the Best CDP for Your Organization

Not all marketers need the same CDP. Embracing a single generic definition will prevent companies from selecting the best solution for their business needs.

In order to help you navigate the CDP market and find the solution that will provide the greatest value to your business, we will now combine the five-layer CDP model presented above with further relevant information to be considered as part of the purchase-decision process:

## What are your core CDP use cases?

Defining your specific use cases in advance is critical to a successfully selecting and deploying a CDP. Mapping and prioritizing your key use cases provides clarity on why you need a CDP in the first place, which primary business goals it should serve and what challenges it should address.

Some common use-case examples:

- Data collection – The CDP needs to be able to ingest both fast and slow data, to support the orchestration of both scheduled and event-triggered campaigns.
- Segmentation – The CDP requires the ability to facilitate predictive segmentation for smart orchestration of campaigns that cater to numerous customer personas.
- User activation – The CDP needs to be seamlessly integrated with a native delivery platform that allows it to deliver and track hyper-personalized marketing campaigns.

Some capabilities and use cases are considered essential, at the core of a CDP, while other complementary capabilities are provided by some vendors over their core CDP capabilities, resulting in an upgraded CDP offering.

After mapping your key use cases, use this model to understand which ones are supported by each capability layer in the CDP stack, and make sure that the vendors you are considering support each one.

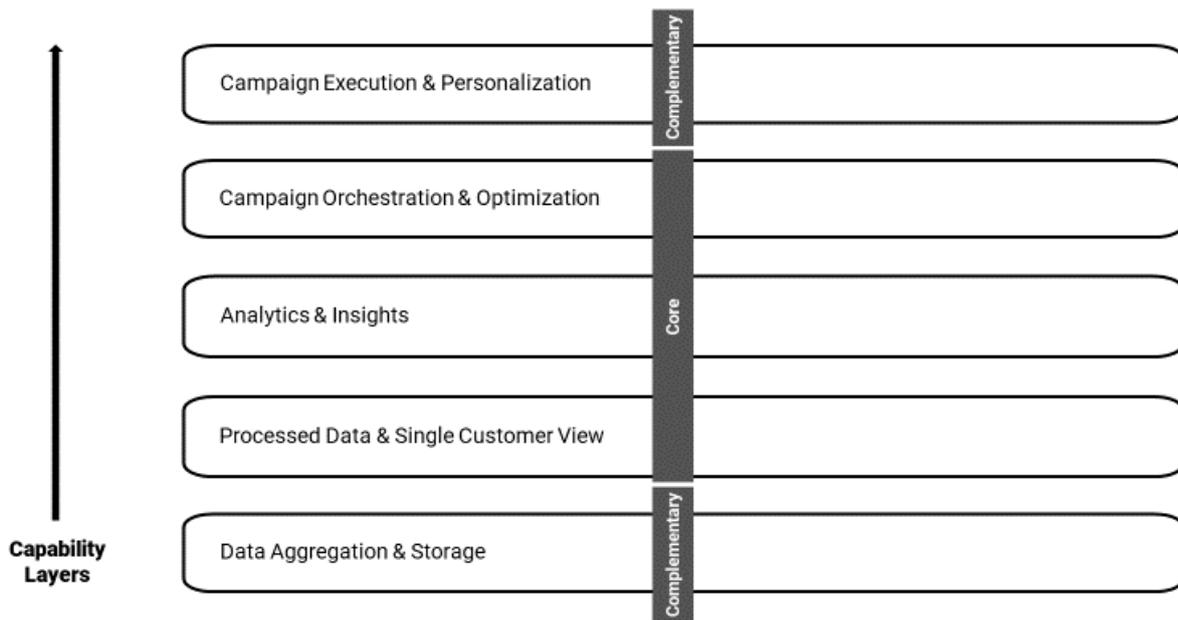


Figure 1. The core and complementary CDP capabilities

### Why do you collect data?

The proliferation of data collected, aggregated and stored by companies poses new challenges to businesses, in terms of resource requirements and the ability to utilize it to inform strategic decisions.

Businesses have impulsively reacted to this data explosion by collecting data in the hope that, one day, they will mine it for useful business cases. A general lack of understanding of how to manage the data; an inability to determine whether data is fit for its intended uses in operations, decision making and planning; and a reluctance to delete redundant or low-quality data have led to a “data hoarding” effect. Businesses are often unaware of what data they have and/or what value it holds, creating a sort of digital wasteland.

This approach is very different from “data curation,” a focused process of turning data collected from various data sources (structured, semi and non-structured) into unified data sets ready for analytics, using domain experts to guide the process.

But data curation isn’t all about data usability; while data storage costs continue to decrease, certain data sets consume other limited organizational resources. Companies must keep in mind the costs of collecting, storing, cleansing, analyzing and maintaining unnecessary data, without having a strong sense of how they will use that data to answer questions and improve business performance.

Furthermore, not all data sets are created equal. Certain types of data require significantly more effort to transform into useful formats. Before committing the resources to process all available customer data, companies should clarify the relevance

and need for each data set. When approaching the all-versus-curated debate, companies need to consider whether the use cases to be solved justify the processing of the more complex data sets.

As you go higher in the CDP stack, you should acquire the ability to transition from collecting all data, regardless of its purpose or possible future uses, to curating particular data. This involves removing data held merely for the purpose of owning it, so that you are only storing and processing data that allows your business to generate actual business value.

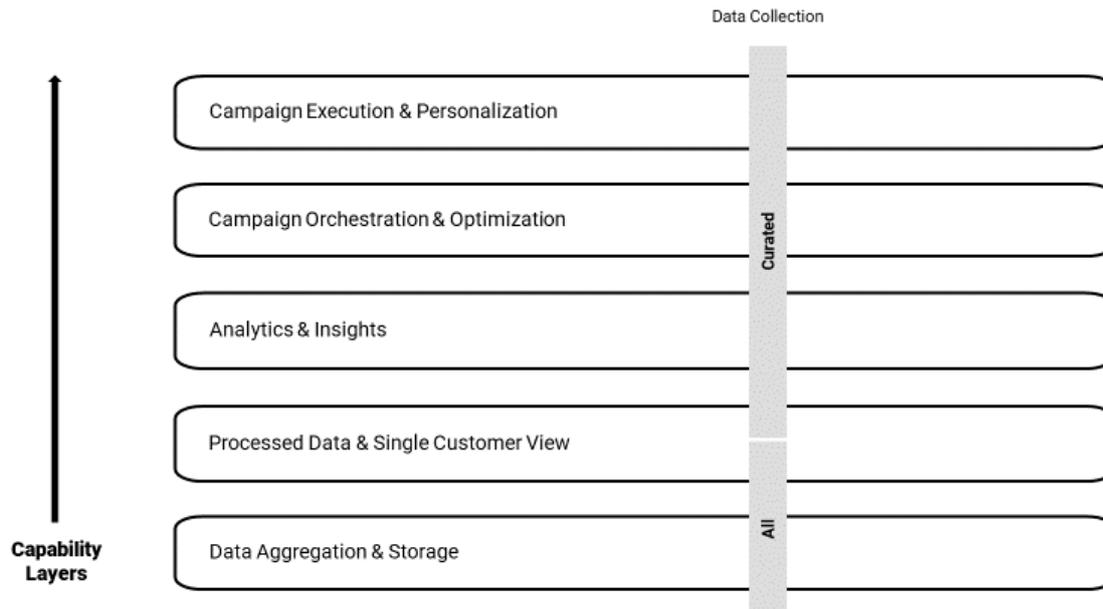


Figure 2. Data collection approaches, mapped against key CDP capabilities

### Who will use the CDP?

Different solutions are owned and operated by different departments in the organization. The same applies to CDPs. CDPs at different levels of the use case spectrum are typically owned and managed by different teams. Before choosing a vendor, consider who will manage and own the CDP, and how this will impact internal processes, whether cross-departmental or internally, within your team.

Related questions to consider are: what skills are required to successfully manage the platform – and do you already have the required knowledge within your team?

Even though the promise of the CDP is to serve as a marketer-friendly and marketer-managed solution, some layers cannot be efficiently and independently managed without a certain level of technological knowledge.

Make sure your team has the skills and human resources required for a successful deployment of the CDP you consider acquiring.

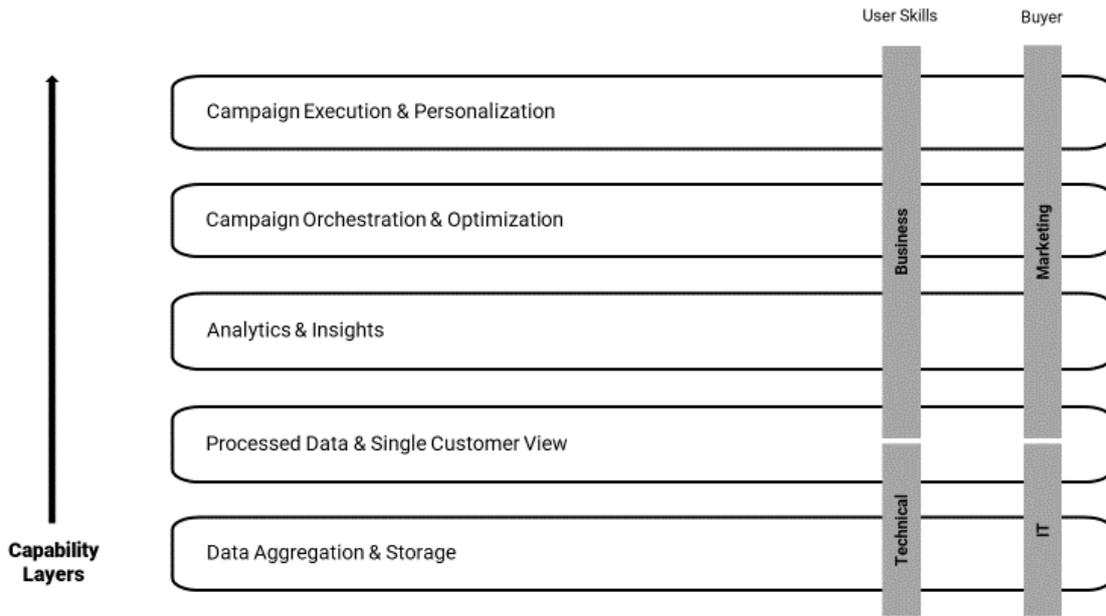


Figure 3. Buyer types and user skills, mapped against key CDP capabilities

# Putting it All Together

CDPs are complex solutions, and the confusion surrounding them hasn't made things easier. Companies looking to add a CDP to their marketing stack need to be extremely cautious when evaluating vendors. The following diagram should be at the center of these efforts.

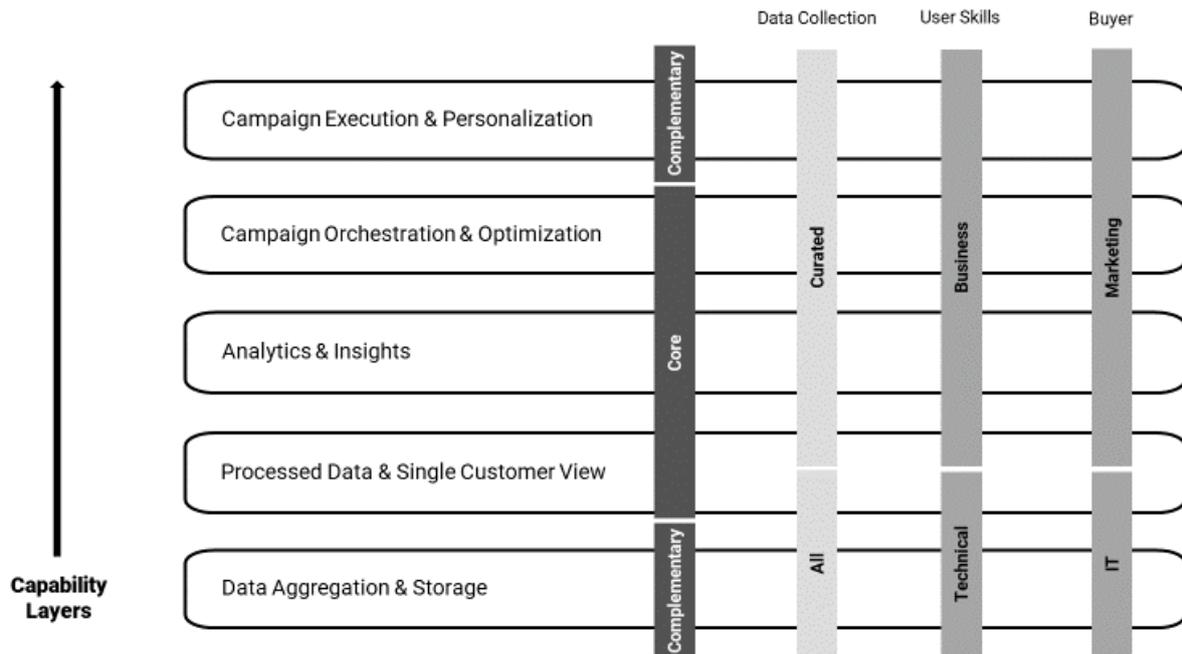


Figure 4. Buyer types, user skills and data collection approaches, mapped against key CDP capabilities

In an effort to further support decision makers in their quest to select a CDP vendor that best fits their needs, we have compiled the elements discussed above into the four CDP archetypes most commonly seen in the market:

## Archetype 1 – Data Assembler

Vendors in this category have very strong data aggregation and processing capabilities, but lack analytics, insight-generation, orchestration and execution capabilities. These vendors offer good infrastructure solutions for the bottom of the CDP stack.

## Archetype 2 – Single Customer View and Analytics King

Vendors in this category shine in the data technology space. They rely heavily on complex data science, ingesting and integrating data from a wide variety of first- and third-party sources. However, they offer only low- to mid-level capabilities in terms of orchestration, personalization, execution and optimization.

### Archetype 3 – Master of Orchestration

Vendors in this category rule the AI-driven orchestration space. They have good data technology, execution and personalization capabilities, along with exceptional analytics, insight-generation, orchestration and optimization capabilities.

### Archetype 4 – Evolved ESP

Vendors in this category originated as ESPs. They typically excel in email campaign execution and personalization capabilities, but lack most or all of the other capabilities required for a complete CDP stack.

Scoring each of the archetypes against the capabilities stack produces the following result (with each capability scored from 0 to 10):

Capability Layers	Data Assembler	Single Customer View & Analytics King	Master of Orchestration	Evolved ESP
Campaign Execution & Personalization	0	0	5	10
Campaign Orchestration & Optimization	0	3	10	5
Analytics & Insights	0	3	10	0
Processed Data & Single Customer View	6	7	5	0
Data Aggregation & Storage	10	4	0	0

Figure 5. The strength of each vendor archetype, scored in each capability

By carefully considering the specific capabilities and use cases you are looking to address with a CDP, the people who will be using and managing it, and your approach to collecting data, you can sort through the noise. Use the above scoring table to categorize the vendors you are evaluating, ensuring that you focus on those that most closely meet your particular needs.

## Questions?

To learn more about which CDP is best for you, [contact us](#).