

WHITE PAPER:

**CUSTOMER DATA PLATFORMS FOR
BUSINESS-TO-BUSINESS SOFTWARE
AS A SERVICE (SAAS) MARKETING**

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INTRODUCTION:

B2B MARKETERS JOIN THE CDP REVOLUTION

Customer Data Platforms (CDPs) have been around for several years now, but business-to-business (B2B) marketers have been slower to adopt them than their business-to-consumer (B2C) cousins. There are several reasons: B2C marketers generally have more customers, more data sources, and more responsibility for existing-customer growth and retention. By contrast, B2B marketers have traditionally focused on finding new prospects, converting them into qualified leads, and then letting sales, customer success, and account management teams take over. What little customer and prospect data marketers did have was usually centralized in a marketing automation system that gathered some information directly and pulled the rest from a Customer Relationship Management (CRM) tool, the company's primary repository for customer information. Since marketing automation and CRM tools each created what seemed like a unified customer data repository, there was little obvious need for a separate CDP.

That situation has started to change. As B2B marketers adopt an ever-wider array of systems, they have much more data to store and that data comes in many more formats. When the marketers try to push that data into their marketing automation products, limits of those systems become increasingly clear. It turns out that many marketing automation products have sharp limits on the types of data they can store, little ability to find matches on any field other than email address, and constraints on access to the data they do hold. Indeed, until recently, all but the most advanced B2B marketing automation systems lacked separate account and contact records, even though those were a basic feature of CRM products. Even today, many marketing automation systems have only contact records and use email as the primary identifier.

KEY POINTS IN THIS PAPER:

- SaaS and B2B marketers have special needs for customer data.
- Customer Data Platforms are increasingly being used to meet those needs.
- Key requirements include account-contact data models, specialized data cleansing, and rich APIs.
- Because CDPs vary widely, marketers should define their own needs and then look carefully to find a CDP that meets them.

At the same time, B2B marketers find themselves increasingly involved with customer relationships after the lead is passed along to sales. This happens during the initial sales process because so much interaction takes place in the Web channel, which marketing usually controls. Marketers need to coordinate with sales to ensure the Web delivers appropriate, consistent messages to each prospect and to pass on useful intelligence, such as who is engaging on the Web at target accounts, what topics they're exploring, and when there's a surge in activity. After the sale, the Web remains an important channel for delivering service and support experiences and for gathering customer information. Truly understanding what's happening with each customer requires a unified view of data from Web, mobile apps, marketing automation, CRM, accounting, and sometimes even intelligent products. Marketing automation and CRM systems aren't built to do this. Customer Data Platforms are.

WHAT IS A CUSTOMER DATA PLATFORM?

The CDP Institute defines a Customer Data Platform as “marketer-managed system that creates a persistent, unified customer database that is accessible to other systems.” It means that CDPs are packaged software designed specifically to assemble, unify and share customer data. This distinguishes CDPs from general purpose technologies, such as data warehouses or data lakes, and from systems that work largely with data they generate internally, such as marketing automation and CRM. It also distinguishes CDPs from systems that assemble customer data but only use it for their own purposes, such as many tools for predictive modeling or Web personalization.

Despite their shared features, CDP systems do vary widely among themselves. Some are built primarily to capture data from Web sites and mobile apps. Some lack sophisticated matching capabilities, especially for offline data such as postal addresses. Some include applications of their own for data analytics, machine learning, or marketing campaigns. Many lack specialized features for B2B needs.

CDP AND B2B SAAS

In the B2C world, initial CDP adoption was concentrated in retail, where multiple sales channels, complex data, and extreme competition made the need for CDPs especially pressing. Early B2B CDP users have also been concentrated in a particular segment. In the B2B case, the segment has been companies selling Software as a Service (SaaS) technology products.

This isn't surprising. SaaS tech vendors have been leaders in adopting marketing technology in general. This not only makes them more likely to buy CDP technology, but means they have more systems that generate data they need to connect. The subscription-based SaaS business model makes companies highly dependent on renewals and SaaS technology makes it relatively easy for unhappy

clients to change vendors. The result is that SaaS tech marketers are eager to provide exceptional customer experience, which they know requires unified, sharable data. Having already discovered that their marketing automation and CRM systems won't solve the problem, they're ready to consider a CDP.

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B2B REQUIREMENTS

Of course, not just any CDP will do for B2B SaaS marketers. They need specific capabilities tailored to their needs. Some are more related to the B2B side and some to SaaS. B2B-specific needs include:

- **Account-contact data model.** Nearly all B2B products are sold to companies or units within companies, not individuals. This means individual contacts within the marketing database must be associated with accounts, as they already are in CRM. Account-level data management is even more important when companies want to apply the now-popular approach of “account-based marketing.” In theory, most CDPs are built to support any data model, so they should be able to handle a structure where contacts belong to accounts. But in practice, most CDPs start with

the assumption that contact records are a primary object. They won't necessarily support mixing account and contact attributes in segmentations or analysis, allow account-level data summaries, or store organizational hierarchies.

- **Third-party data connectors.** B2B marketing often relies more heavily than consumer marketing on third-party data such as lists of business contacts and intent signals gleaned from external behaviors. This information is sometimes loaded directly into marketing automation or CRM system but, if those systems are not equipped to support it, the CDP itself may be the entry point. Even if the data comes via another company system, the CDP still needs to be able to store and use it effectively. Prebuilt connectors for common data sources can help meet this requirement. So can functions to extract lists to send to external vendors for enhancement and to import and match data from outside sources.
- **Data cleansing.** B2B data is notoriously difficult to work with. Inputs are often highly inconsistent or incomplete, since many will originate in CRM or sales systems where the users enter them for personal use and thus have little reason to care about meeting standards necessary for machine processing. To make things worse, business addresses often contain elements, such as mail drops or cubicle numbers, that don't appear in consumer postal addresses. Businesses also often use different addresses for different purposes, such as a mix of street address, delivery address, and post office boxes. Many businesses operate under different names as well. Often the only way to determine the correct data is to use external directories that contain information, such as parent/subsidiary relationships, that can't be derived from the data itself. B2B CDP systems need specialized features to handle this processing, connectors to do the processing in external systems, or both.
- **Lead-to-account matching.** Matching B2B

CASE STUDY

ATLASSIAN

Atlassian is a leader in enterprise collaboration software including JIRA, Confluence and HipChat, serving more than 89,000 customers globally including 85 of the Fortune 100. To continue to fuel user growth and retention, the software-as-a-service (SaaS) company wanted to increase user engagement and identify strategic upsell and cross-sell opportunities.

Atlassian turned to the Lytics CDP to segment their customers based on marketing engagement (web, email, etc.) as well as in-product behavior. Many of Atlassian's customers use multiple Atlassian products within their workflow. Having customer data centralized within a customer data platform allows them to trigger relevant emails in real-time based on in-product activity and engagement trends. Atlassian also takes advantage of the CDP's built-in machine learning and predictive scoring, allowing them to identify at risk users for nurture campaigns as well as the most ideal candidates for additional products within the Atlassian product suite.

records with different sources is difficult even when looking only at the business or account level. Matching individuals is still harder because of the usual spelling errors, different versions of the same title, and frequent movement of people from one position or company to another. All these issues contribute to the challenge known as "lead to account" matching, which attempts to connect leads gathered in a marketing

automation system with accounts stored in CRM. The process is critical because many companies measure marketing performance by calculating how many marketing-generated leads belong to accounts that ultimately made a purchase. As with data cleansing, B2B CDPs do this with a combination of internal and external processing.

SAAS REQUIREMENTS

- **High volumes of loosely structured data.** SaaS systems often generate large volumes of information about what users are doing. This is often captured for operational purposes, such as tracking resource consumption, measuring performance, or finding problems. But it can also provide important insights for marketers into how the systems are being used in general, which features are being used (or not used) by particular customers, where customers seem to be having trouble, and whether customers have stopped using the system altogether. This data is often generated in streams that are difficult to interpret, poorly documented, and contain changing information as the SaaS product evolves. The CDP needs to be able to capture that data, store the raw details, and access subsets on demand with a minimum of effort.
- **Machine learning and analytics.** Making sense of SaaS data often requires advanced analytics to classify inputs, identify useful elements, find patterns, watch for exceptions, and generate insights. Doing this well typically requires automated services such as machine learning, which can review data more quickly and thoroughly than human analysts. Having systems preconfigured for specific tasks can often speed deployment. To the extent that these tasks are B2B-or SaaS-related, such as identifying the roles of buying team members or predicting contract renewals, having a system tuned for B2B SaaS marketing will improve results.
- **Personalization and recommendations.** SaaS

SUMMARY OF REQUIREMENTS

FOR B2B:

- Account-contact data model
- Third-party data connectors
- Data cleansing
- Lead-to-account marketing

FOR SAAS:

- High volumes of loosely structured data
- Machine learning and analytics
- Personalization and recommendations
- Application Program Interfaces (APIs)

systems often deliver messages to customers within the system itself. These are sometimes operational but can also be marketing- or sales-related, such as recommendations for additional purchases, offers of promotional materials, or invitations to events. At a minimum, the CDP needs to capture information about messages after they're sent and correlate them with subsequent customer behavior. In other cases, the CDP itself will be scanning the stream of system activity for opportunities to deliver messages, picking the messages, and sending them to the operational system for delivery. The CDP gets involved in this because the right message will often depend on customer information that's not captured with the operational system itself, such as contract renewal dates or recent service issues.

- **Application Program Interfaces (APIs).** As we've seen, SaaS companies often integrate their products with their CDP, both to feed data into the CDP and to extract information or messages from it. This must often happen in real time. As a result, SaaS companies may place more demands on the CDP APIs than

other applications, where data and outputs are exchanged at slower speeds, at lower volumes, in simpler structures, or with less variation. Meeting these demands requires APIs with especially high performance, precision, and flexibility. On a less rarified plane, SaaS vendors also require that the CDP APIs be well documented with technical details, since they are likely to exploit them to the fullest. Similarly, the SaaS vendors are more likely to require advanced technical support from the CDP staff.

OTHER ISSUES

B2B SaaS marketers interested in CDPs need to do more than understand the technical requirements. Other issues they may face include:

- **Lack of CDP knowledge.** Marketers in general need to educate themselves and their organization about CDP features and benefits before anyone will approve a purchase. At SaaS companies in particular, they are especially likely to be challenged by technologists who feel they can build a CDP for themselves rather than buying one. This might be true in some situations. But for most companies, building your own CDP makes no more sense than building your own word processor, spreadsheet, or accounting system. It's a basic build/buy decision and, since mature prebuilt CDPs are available at reasonable cost without the risk of custom development, chances are your IT resources are better deployed elsewhere.
- **Organizational silos.** Many marketing departments have separate groups that run separate systems for Web site, advertising, email, and other channels. Just getting these groups to pool their data and work from a common source can be difficult. Expanding the project to include systems run by sales, customer support, operations, and other groups is even harder. The good news is you needn't solve this problem all

CDP USE CASES FOR B2B SAAS COMPANIES:

- Personalization (email and web)
- Individual blog and Web content recommendations
- In-product messaging
- Triggered messages based on in-product behavior
- Churn prediction
- Performance measurement

at once: CDPs can deliver benefits even if they unify data from only some of the company's systems, and initial applications are often limited to data analysis, which doesn't feed data back to execution systems. As you build experience and the CDP proves its value, you'll find it easier to get cooperation from isolated departments.

- **Satisfaction with "good enough" existing systems.** Many companies have tried to unify their customer data in marketing automation or CRM; some may even think they've succeeded. Dealing with this perception requires assembling the facts and identifying the opportunities missed because of shortcomings in your current set-up. If you don't find problems, you should be convinced you don't need a CDP. If you do find problems, you should be able to convince others you do need one.
- **Use cases.** Chances are, you already have some idea of what you'd do with a CDP that you can't do without one. But it's still important to lay out specific use cases. This paper has already mentioned several including unified analytics, personalization, recommendations, churn prediction, performance measurement, and in-product messaging. Other common cases

include best customer profiles, target selection for account based marketing, lead scoring, retargeting, and advertising audience selection.

- **Getting started.** It can be difficult to take the first step towards buying a CDP. Some places to start including documenting your existing inventory of marketing systems and data; auditing your data to identify quality issues and coverage gaps; identifying measures you'd like to generate with CDP data; and laying out a long term plan for improvement. Many CDP vendors can offer guidance and documents to help.

WHAT'S NEXT

Your next step will depend on your particular situation. Here's a reasonable sequence that will make sense in many cases:

- **Assess your need for a CDP.** Likely symptoms include disconnected data, missed marketing opportunities, large amounts of time spent assembling data for analysis or campaigns, inability to use advanced analytics or personalization due to poor data, stuffing data into fields or tables where it doesn't easily fit, and throwing away data you'd like to keep because

you have no place to put it. If one or more of these sound familiar, a CDP could be a good solution.

- **Define use cases and related requirements. Identify specific tasks you'd want to perform using the CDP.** Then lay out the steps needed to do them. Start with where the data would come from, how it would be processed, the outputs to be generated, and the systems that would receive those outputs. Then add quantities such as data volumes and processing speeds. Define the user interfaces features and API functions you need to control the process. Do this for several of your most important CDP use cases and consolidate the results. This will produce a specific set of requirements that your CDP and related systems must meet.
- **Find the right CDP.** The requirements you've derived from your use cases are the capabilities you need in your CDP. Use them as a checklist to evaluate CDP vendors. Remember that CDPs vary greatly, so keep looking until you find a system that either fits your needs well or you're confident you've exhausted all the options.

INITIAL STEPS TO GETTING STARTED

1. Assess your need for a Customer Data Platform

2. Define use cases and related tasks you want to perform with the CDP

3. Research and find a CDP that can address your company-specific use cases



ABOUT LYTICS

Lytics helps companies orchestrate more relevant experiences with consumers through the industry's only enterprise-grade customer data platform (CDP). Innovative companies such as Heineken, Nestle, The Economist Group, and Atlassian use Lytics to execute one-to-one marketing programs with machine learning. Lytics offers brands the following benefits:

- Highly custom audience segmentation that reflects user behavior across channels (web, mobile, support, purchasing data, social, etc.).
- Web personalization tool that allows marketers to execute personalized web campaigns in minutes.
- Identity resolution between known and anonymous people so that brands can access accurate customer profiles in real-time.
- Predictive, data science-driven insights such as "likely to buy" or "likely to churn."
- Content Affinity Engine that catalogues web content (topics, blogs, products, etc.), automatically tags it by topic, and provides insights into what resonates with individual users.
- Customer journey reporting allowing brands to easily track key marketing events.
- Integrations with dozens of marketing tools, including Marketo, Exact Target, Facebook Ads, and more.

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ABOUT THE CDP INSTITUTE

The Customer Data Platform Institute educates marketers and marketing technologists about customer data management. The mission of the Institute is to provide vendor-neutral information about issues, methods, and technologies for creating unified, persistent customer databases. Activities include publishing of educational materials, news about industry developments, creation of best practice guides and benchmarks, a directory of industry vendors, and consulting on related issues.

The Institute is focused on Customer Data Platforms, defined as "a marketer-controlled system that maintains a unified, persistent customer database which is accessible to external systems."

The Institute is managed by Raab Associates Inc., a consultancy specializing in marketing technology and analysis. Raab Associates defined Customer Data Platforms as a category by Raab Associates in 2013. Funding is provided by a consortium of CDP vendors.

For more information, visit
www.cdpinstitute.org.