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Oracle and others want to crush this unicorn's social media empire



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Andrew Zaleski, special to CNBC.com
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It's tough when mammoth corporations rush in to copy a disruptor's success formula and grab market share. The entrepreneurial venture can only hope its first-to-market advantage will continue to give it an edge.

Just ask the founders of Sprinklr, the New York-based start-up currently valued at \$1.8 billion that created a new way to market to customers online through **social media**. After building a global business empire with more than 1,000 customers, **Oracle**, **Adobe** and **Salesforce** are acquiring start-ups to build rival businesses in the same niche.

With the Sprinklr platform, which combines the data from 24 different social channels, including Facebook, Twitter, Instagram and more, a company can get a total view of what customers are saying about them and fine-tune their social media strategy from a single integrated dashboard. That model has helped Sprinklr lure more than 1,000 customers, including big brands like Nike, Nasdaq, McDonald's and Samsung.



Source: Sprinklr
Social media guru Ragy Thomas, founder and CEO of Sprinklr

"More and more, customers are looking to engage with brands and companies through social media," said 451 research analyst Scott Denne. "Sprinklr's logic in starting with social first is that it's the most important customer engagement channel."

Now Sprinklr is trying to scale its social media empire, even in an increasingly crowded field of competitors with deeper pockets who are copying elements of what has made Sprinklr successful.

"We're trying to build the next big enterprise software giant," said Sprinklr founder and CEO Ragy Thomas.

Since its founding in 2009, Sprinklr has been on a fast track of growth by taking venture capital and acquiring other start-ups. In July, Sprinklr

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raised more funding, a \$105 million round that brings the total amount it's raised to \$239 million and increased the company's valuation from \$1.1 billion to just over \$1.8 billion.

Just this month, Sprinklr integrated into its platform the Japanese smartphone portal Line, which 220 million users worldwide rely on to make calls, send mobile payments and play social games. Even as it's grown, Sprinklr's kept its focus on social media, expanding the functionality of its platform to offer a spectrum of tools for social media marketing, advertising, e-commerce, customer interaction, social listening and analytics.

Along the way, it has added staff and offices — more than 1,200 employees at 13 offices worldwide — and gained expertise in the social space that has enabled Sprinklr to outmaneuver bigger competitors.

"The benefit to procuring Sprinklr, one of the last remaining independent social technology companies, is that ideally you're getting a higher level of expertise and best-in-class functionality for everything social," said Forrester vice president and principal analyst Melissa Parrish.

But competitors like Oracle, Adobe and Salesforce have been acquiring smaller companies to add functionality similar to Sprinklr's to their current marketing software. In 2012, Oracle acquired Vitruv, a company that enables social listening and engagement, analyzes what customers are saying on social media in real time and allows for the publishing of content on social sites.

That same year, Salesforce acquired Buddy Media, a social media marketing platform that lets marketing teams publish content, place social advertising and measure how well their social marketing campaigns are working. This past May, Adobe upgraded its social capabilities by acquiring the online commenting platform Livefyre.

Facebook, too, is in the mix: Since releasing its chatbot platform for its Messenger app in April, Facebook has seen more than 11,000 chatbots created, and many work to connect brands directly to consumers.

A booming market

Up for grabs is a huge market for social media marketing. By 2020, according to 451 Research's Market Monitor, big brands and companies will spend more than \$3.2 billion on software tools to manage their social media marketing, monitoring and outreach. According to Thomas, his company has already surpassed the \$100 million annual revenue mark.

"All those companies want to own social for marketers. But there's not a defined set of what those tools should look like," Parrish said. "What Sprinklr is doing is trying to remain independent while owning all of those social functions."

To do that, Sprinklr has completed its own share of acquisitions — nine over the past two years. But instead of selling new software picked up through each acquisition as a separate point solution, Sprinklr adds the functionality to its core platform, oftentimes remaking the purchased technology or tailoring it to fit individual brands' needs. It's one reason why Sprinklr was able to pick up Starwood Hotels and Resorts, which had been using Salesforce to manage its 3,000 social media accounts, as a client.

"Sprinklr has basically outscaled everybody else," said Denne. "Their play is to be a broader customer engagement platform."

"Sprinklr's logic in starting with social first is that it's the most important customer

engagement channel."

-Scott Denne, research analyst for 451

But according to analysts who watch the social marketing field, challenges abound, even for a unicorn company like Sprinklr. There are certain capabilities that don't fit into Sprinklr's platform right now, like a content management system for companies to run their websites, which today are content publishing platforms that also dabble in the same types of personalization services made popular by social media.

"I would say that Sprinklr currently has the most bells and whistles, but I wouldn't call them — or anyone — a one-stop platform for social marketing needs yet," Parrish said. "Simply having features doesn't mean that those features are best-in-class for every single thing a marketer needs to do."

Vendor-hopping, where a marketer might go swap in and out different marketing software every year, is also common. A company that wins a client away from a competitor could be just as likely to lose that client when their contract is up, especially when there are roughly 3,500 different marketing technologies for big brands to choose from, according to Scott Brinker, editor in chief of the Chief Marketing Technologist blog since 2008.

"For most companies of any scale, they need to unify social media marketing and monitoring for building campaigns," he said. "But there is not a single product that does all of this for them."

Thomas would argue that the Sprinklr platform is intended to be that product. He calls it the "omnichannel front office." The thinking is that brands shouldn't use separate marketing and advertising software applications to interact with customers. In Sprinklr's worldview, customers aren't data points but rather individuals. A single platform that lets a big brand get a complete picture of how individual consumers are talking about them will be more helpful to marketing teams, according to Thomas.

His next move is to marry the new world of social video, photo and text to the old world of customer call centers and databases to create one consistent experience between customers and brands. And to keep growing the Sprinklr platform into what he refers to as an "omnichannel" front office.

"Our end game is very clear," said Thomas. "We want to build one integrated platform for the front office."

— *By Andrew Zaleski, special to CNBC.com*

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