SWOT Assessment: Adobe Experience Cloud

Analyzing the strengths, weaknesses, opportunities, and threats
Summary

Catalyst
Adobe Experience Cloud is a collection of integrated cloud-based solutions for commerce, marketing, analytics, and advertising. Adobe Experience Cloud includes Adobe Marketing Cloud, Adobe Analytics Cloud, Adobe Advertising Cloud, and Magento Commerce Cloud. Adobe Experience Platform is the underlying architecture leveraged by Experience Cloud that weaves together all customer data – including CRM, point-of-sale, and other first-party data – to provide companies with a complete view of their customers.

Key messages
- Adobe's addressable market has expanded.
- Adobe Experience enables integration to sales and service functions through open APIs.
- Adding cross-functional capabilities must be a priority.
- Lack of functional support puts Adobe at a disadvantage.

Ovum view
The growing emphasis on customer satisfaction and personalized and connected customer engagement has accelerated the interest in and adoption of customer engagement platforms (CEPs). Increased competition, rapid changes in technology, and consumers' evolving expectations have raised the criticality of providing a superior customer experience. To provide connected customer experiences, a growing number of enterprises are mapping customer journeys and embedding CEPs into their business culture.

The more advanced CRM vendors are developing capabilities to support customer interaction and engagement, evolving their front-office transactional support capabilities (systems of record) into genuine systems of engagement, and integrating those functions with back-office support. In doing so, they are integrating data from traditional and digital journeys and analyzing it to produce insights to help orchestrate accurate recommendations to businesses.

Adobe Experience Cloud, together with Adobe Experience Platform, is well positioned to provide an adaptive environment where complete interaction journeys and end-to-end processes are supported each step of the way by relevant content or recommendations to help customers complete their journeys and fulfill their intent.

Recommendations for enterprises

Why consider Adobe Experience Cloud?
Adobe’s large ecosystem of partners, its entwined connection with creative firms, its ability to improve content creation, and its centralized workflow and ability to create unified customer profiles position the company strongly in the CEP category. Its recent acquisitions of Magento and Marketo will help to further fuse marketing and sales and provide richer and more valuable insights to enterprises that
wish to engage in relevant ways with customers. As the technology becomes more widely recognized outside of the marketing realm and is adopted by a greater variety of leadership across the C-suite, Adobe will play a more pivotal role in furthering digital transformation within enterprises. Adobe’s Experience Cloud and Experience Platform will help to break down traditional barriers and silos and enable connected customer journeys and personalized engagement across enterprises.

**SWOT analysis**

**Strengths**

*Adobe's addressable market has expanded*

In October 2018, Adobe's executive team outlined the growth drivers and released research data (see Table 1) to show that the company's total addressable market will expand from approximately $83bn in 2020 to approximately $108bn by 2021. The targets reflect the company's continued momentum and market leadership.

Adobe also closed 2018 with a record fourth quarter, delivering Q4 revenue of $2.46bn, representing 23% year-over-year growth. Total Adobe revenue reached $9.03bn in FY18, which represents 24% annual growth. GAAP earnings per share in FY18 was $5.20, and non-GAAP earnings per share was $6.76.

Additionally, Experience Cloud revenue for the full year was $2.44bn, representing 20% year-over-year growth, with revenue of $690m for the fourth quarter. This represents 25% year-over-year growth. Key Experience Cloud customer wins in the quarter include Unilever, The Home Depot, Telegraph Media Group, Geico, Heathrow Airport, and the US Department of Veterans Affairs.

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Projected growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Adobe revenue</td>
<td>20% YoY</td>
</tr>
<tr>
<td>Digital media segment revenue</td>
<td>20% YoY</td>
</tr>
<tr>
<td>Digital experience segment revenue</td>
<td>34% YoY</td>
</tr>
<tr>
<td>Digital media annualized occurring revenue (ARR)</td>
<td>$1.4bn of net new ARR</td>
</tr>
<tr>
<td>Digital experience subscription bookings</td>
<td>25% YoY</td>
</tr>
</tbody>
</table>

*Source: Adobe*

**Marketo acquisition boosts Adobe's B2B credentials**

Adobe's acquisition of Marketo will fuse the Marketo Engagement Platform into Adobe Marketing Cloud. Customers will further connect marketing and sales teams through the combination of Adobe Experience Cloud's analytics, personalization, and content capabilities and Marketo's lead management, account-based marketing, and revenue attribution technology. The acquisition of Marketo boosts Adobe's B2B credentials and expands the remit for Adobe Experience Cloud to
support high-value, complex sales cycles through intelligent lead nurturing and account-based marketing (ABM) environments.

**Magento acquisition adds transactional element to customer engagement mix**

Adobe’s acquisition of Magento Commerce, which was completed in June 2018, signaled a strategic intent by Adobe to forge a more comprehensive customer engagement platform. The acquisition of Magento, now integrated into the Adobe Experience Cloud as Magento Commerce Cloud, adds a transactional element to the customer engagement mix by bringing together digital commerce, order management, and predictive intelligence to enable personalized and contextual shopping experiences that scale for businesses of any size. The offering closes the loop on a marketer’s ability to complete end-to-end digital transactions and therefore thrusts Adobe into the high-growth CEP opportunity, where the battle for the leadership position is up for grabs.

**Introduction into the Open Data Initiative will empower customers**

In September 2018, Adobe, along with Microsoft and SAP, introduced Open Data Initiative (ODI) at the Microsoft Ignite conference. Together, the three partners intend to derive greater value from customers’ data to deliver improved connected customer experiences. The core focus of ODI is to eliminate data silos and enable a single view of the customer, helping companies to better govern their data and support privacy and security initiatives. With the ability to connect data more effectively across an organization, Adobe will be better positioned to deliver a new category of AI-powered services for customers allowing them to more readily apply AI and advanced analytics for real-time insights.

The broader ecosystem, interoperability between applications and platforms, and a common approach should serve as an attractive option to existing customers and prospects that want and need to harness large volumes of customer data to engage with their customers in personalized ways.

**Adobe Auditor checks health of implementation**

The recent introduction of Adobe Experience Platform Auditor will provide an attractive component for customers looking to maximize their investments with Adobe Experience Cloud. Auditor scans, audits, and then makes recommendations about how to improve a specific Adobe implementation.

**Sensei targets new opportunities**

New developments in Sensei, Adobe’s AI and machine learning framework, are intended to enable enterprises to collect detailed information about their customers’ journeys and behaviors to provide exceptional experiences. Adobe Sensei learns what different types of customers want, identifies significant events, and makes recommendations to ensure that customers get the right content, at the right time, on the appropriate device. Having such granular insights will appeal to enterprises that understand the value in applying AI to determine the sentiment of individual customers at various stages throughout their buying journeys. The framework that Adobe uses to build Sensei services is now available through Experience Platform for customers to build, train, and operationalize intelligent services specific to their business needs.

**Partnership with Signal and Adobe’s identity services provide comprehensive identity resolution**

The need to integrate and analyze customers’ digital and offline behaviors will become increasingly essential as the identity resolution market matures and the need to create unified customer profiles becomes more urgent. The inclusion in December 2018 of Signal into the Adobe Exchange Partner
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Program, along with Adobe’s own identity solutions, provides strong offerings to compile identities across identifiers, devices, and channels. The Signal partnership will enable real-time customer data onboarding and identity resolution across all devices and channels. The collaboration with Adobe gives customers access through Adobe Audience Manager, the data management platform within Adobe Experience Cloud. The collaboration intends to bring offline data into online platforms that give greater control of the nuances of and insights into customer preferences.

Adobe's identity services include several elements:

- Adobe’s Identity Graph compiles identities across identifiers, devices, and channels. Output of the graph links is restricted to Adobe Experience Cloud solutions with API access for direct integration into customer-developed systems through the platform.
- Experience Cloud ID service provides a unique identifier for an end customer and ensures consistency across Adobe Experience Cloud solutions including Adobe Advertising Cloud and Adobe Audience Manager (DMP) that connect to the rest of the advertising ecosystem.
- Adobe Experience Platform unifies consumer records for the enterprise across all customer systems including sales, service, and private data lakes. Called Private Graph, this service enables customers to utilize their first-party consumer records to identify a known customer consistently across systems. Offline, known identities are resolved using matching techniques and deduplication. Online identities are resolved via matching techniques; advanced algorithms (developed by Adobe) combine them all together.

Platform integrates data into an open ecosystem

All Adobe Experience Cloud solutions are powered by the Experience Platform foundation, which brings together all data and services in an open ecosystem. Adobe Experience Platform is also extensible, enabling customers to build their own applications that take advantage of this powerful data foundation to deliver experiences that are personalized for their users. Additionally, the Magento Commerce Cloud itself is built on scalable technology supported by a community of more than 300,000 developers. And the introduction of Bulk API and asynchronous APIs advances the usability and performance of integrations with Magento. The Magento partner ecosystem provides thousands of prebuilt extensions, which afford enterprises the flexibility to quickly ramp and iterate their commerce experience with their changing business needs.

Centralized workflow and unified profiles enable intelligent orchestration

Central to a customer engagement platform’s efficacy is its ability to intelligently orchestrate content, offers, and other interactions across channels, devices, and throughout the enterprise. Adobe Experience Cloud’s centralized workflow for campaign orchestration gives the platform a commanding position in offering orchestration capabilities. Additionally, because Adobe Experience Platform centralizes and standardizes customer data and content across the enterprise, it enables real-time personalized experiences across every channel via the Adobe Experience Cloud solutions for the delivery of the right message at the right time. This is derived from persistent data such as past behaviors or contextual data.

Quick implementation timeline offers an advantage

Adobe Experience Cloud can be implemented in one to three months for both medium- and large-scale businesses. With other vendors in the category reporting implementation times of six months or more, this is a clear advantage.
A change management program focuses on transforming the culture

Often, vendors focus on training for their technologies but ignore the cultural transformation that needs to happen to lay the groundwork. Adobe's business consulting team, Adobe Customer Solutions, offers a change management program focused on preparing, organizing, and activating for necessary changes required for the transformation involved in an experience technology implementation and successful program.

Weaknesses

Adobe's Experience Cloud is marketing-centric

Unlike the leaders in the CEP market such as Salesforce and Oracle, Adobe's Experience Cloud remains marketing-centric with the creation and delivery of content reigning as the centerpiece of customer experience. However, Adobe Experience Platform enables integration of sales, services, and other capabilities through open APIs.

Adobe offers cross-function capabilities through third-party providers

Adobe Experience Cloud leads in enabling marketing functionality; however, features to support billing CPO, service, field service, and sales force automation are supported through third parties. For instance, it is not a direct sales force automation offering, but the company supports sales force automation vendors, workflows, and integrations through its partner ecosystem and via open APIs on Adobe Experience Platform.

No industry-specific data models for XDM

Although Adobe does not currently offer industry-specific data models for Adobe Experience Platform, the company plans to update its strategy by the end of 2019 to include vertical-specific offerings for Experience Data Model (XDM). In addition, Adobe will allow customers and partners to extend the data model for their solutions. Until then, Adobe Experience Cloud offers industry-specific templated applications for several industries including retail, government, media and entertainment, manufacturing/B2B, financial services, and education.

Key B2B functionality is lacking

In terms of orchestration, while Adobe enables a consolidated view of all customer interactions at the customer account level, with detailed drill-down capabilities to view specific individual interactions, it does not support other key B2B functionality found in CRM and sales operations solutions, for example, providing workflows for end-to-end processes that directly impact the P&L account, such as quote-to-cash. Also, renewals and subscription-based business cannot be supported with customer success management capabilities. However, many aspects of ABM can be achieved via standard functionality provided, allowing B2B customers to be successful using the solution. Additionally, the acquisition of Magento will add strength from a commerce perspective and help Adobe make inroads.

Opportunities

Adding cross-functional capabilities must be a priority

Adobe must widen its marketing lens and think strategically about delivering more cross-functional capabilities. Adding its own features to the platform to enable cross-functional support for service,
field service, and sales directly rather than through third-party providers would serve as strategic move that will sustain Adobe competitively in the long term.

**Adobe must communicate its story to a wider audience**

Adobe needs to position itself more forcefully and broadly. It must communicate the wider transformational story to CTOs, COOs, CXOs, and even leaders within service and support functions, who are playing an increasingly prominent role in their organizations' own digital transformations. It also needs to let its many marketing customers realize that, with Adobe Experience Platform and as illustrated by the Magento Commerce acquisition, Adobe can also play a more strategic and transformative role beyond the confines of the marketing department.

**Magento Commerce acquisition will further Microsoft relationship**

The acquisition of Magento may further the relationship Adobe has with Microsoft, as Microsoft is missing an e-commerce piece to its customer engagement platform.

**Threats**

**Lack of functional support puts company at a disadvantage**

Competitors in the CEP market such as Oracle have worked diligently over the past year to stitch together offerings from acquisitions to achieve end-to-end unification and adaptability. Although Adobe Experience Cloud follows a best-of-breed strategy by integrating with any commerce solution, Adobe’s lack of functional support (most notably customer support and field service) puts the company at a disadvantage. This is especially true against vendors such as Pegasystems, whose multidimensional architecture allows for standardization and adaptability across the enterprise.
Data sheet

Key facts about Adobe Experience Cloud

Table 2: Data sheet: Adobe

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<th>Product name</th>
<th>Adobe Experience Cloud</th>
<th>Product classification</th>
<th>Customer experience platform</th>
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<td>Version number</td>
<td>n/a</td>
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<td>June 2018</td>
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<td>Industries covered</td>
<td>Financial services, high-tech, government, manufacturing, retail, telecommunications, and travel and hospitality</td>
<td>Geographies covered</td>
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<tr>
<td>Relevant company sizes</td>
<td>Enterprise</td>
<td>Platforms supported</td>
<td>Adobe Experience Platform</td>
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<tr>
<td>Languages supported</td>
<td>50+ languages supported</td>
<td>Licensing options</td>
<td>SaaS-based products are priced on server volume; on-premises pricing is mostly based on seats and servers. For certain solutions, managed services and hybrid pricing is also available.</td>
</tr>
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<td>Deployment options</td>
<td>On-premises, managed, hosted, and SaaS delivery</td>
<td>Routes to market</td>
<td>Direct, partnerships</td>
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<tr>
<td>URL</td>
<td><a href="http://www.adobe.com">www.adobe.com</a></td>
<td>Company headquarters</td>
<td>San Jose, CA, US</td>
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Source: Ovum

Appendix

Methodology

Ovum SWOT Assessments are independent reviews carried out using Ovum's evaluation model for the relevant technology area, supported by conversations with vendors, users, and service providers of the solution concerned, and in-depth secondary research.

Further reading

"Adobe's acquisition of Marketo increases its relevance to B2B organizations," INT001-000099 (September 2018)


"Adobe sets out its strategy for experience management at Adobe Summit EMEA," INT002-000140 (July 2018)
"Adobe's announced acquisition of Magento Commerce signals a broader remit for Experience Cloud," INT001-000063 (May 2018)

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