

REPORT REPRINT

Continuing its trajectory, Treasure Data positions as enterprise customer data platform

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Classifying Treasure Data's combination of data processing, data management and analytics has never been easy. But with the latest additions, the company is now firmly positioned as a customer data platform provider.

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Treasure Data first came to our attention in 2012 with cloud data-processing services that combined elements of the Hadoop data-processing framework with its own columnar storage engine and a variety of open source projects for log collection and binary serialization, among other things. Since then, the company has expanded the breadth of its core functionality, but has also placed greater emphasis on the use cases for the technology, leading inevitably to its current positioning as a customer data platform (CDP) provider.

THE 451 TAKE

While Treasure Data has changed its product branding multiple times over the years, it would be wrong to assume that the company is flip-flopping from one idea to the next. Instead, it can be seen as the natural result of product development and customer adoption momentum that has increasingly taken it toward marketing and customer data use cases. As the company admits, the journey is not yet complete, but it is telling that Treasure Data has not had to add significant functionality to its technology to justify the positioning as a CDP.

CONTEXT

The last time we updated our research on Treasure Data just over a year ago, the company was describing its combination of cloud-based data processing, integration and analytics as a live data management platform (DMP). It was clear that Treasure Data had higher ambitions, however. In its native Asia-Pacific region, it was increasingly targeting marketing and customer data use cases more explicitly via Treasure DMP, a packaged data management platform aimed specifically at marketing and advertising use cases.

In the wider global market, advertising, marketing and customer data are key vertical focus areas, and it was evident that the company was heading in the direction of more explicitly emphasizing its ability to combine data from multiple (predominantly customer-related) data sources, including real-time data; then present it for analysis to drive segmentation, personalization and a 360-degree view of the customer.

For the most part, Treasure Data has been drawn in this direction by its own customers, which now number more than 270 (compared with 222 in November 2016), including Mitsubishi Heavy Industries, Dentsu, MUJI, Pioneer, Subaru, Wish, Grindr and Pebble.

Treasure Data has raised \$54m in funding to date, most recently a \$25m series C funding round in late 2016, which was led by SBI Group and Innovation Network Corporation. The round also involved existing investors Scale Venture Partners, Sierra Ventures, AME Cloud Ventures, Dentsu, IT-Farm and Bill Tai.

PRODUCTS

The fact that Treasure Data now describes its offering as an enterprise CDP seems like the inevitable next step in its journey, rather than a great leap into new territory. This is further illustrated by the fact that the company has not had to rework its platform significantly in order to address CDP use cases, including the single view of the customer, segmentation and syndication, and personalization.

There have been additions to the platform, however, including a new Personalization API, based on a key value engine, to serve up segmentation information based on customer IDs for less technical users, as well as ID Syndication, supporting the identification and tracking of customer IDs across multiple devices and engagement platforms.

The company admits that it still has work to do. In particular on the front end, to provide the right experience for different users' roles, as well as boosting its professional services capabilities to help fulfil customization requirements. Although Treasure Data believes it has a platform that addresses the bulk (80%) of any customer project, the nature of the use cases means that each project must be tailored to meet specific customer requirements.

Treasure Data continues to rely on its previously developed data ingestion, data processing and analytics functionality, including the Fluentd log collector, its Plazma columnar database, Apache Hive, the Presto SQL-on-Hadoop engine, as well as workflow orchestration. Key open source projects developed and used by Treasure Data include Fluentd, embulk for large-scale data loading, the MessagePack binary serialization format, and the Apache Hivemall scalable machine-learning library.

USE CASES

The core role of the CDP lies in providing a unified view of the customer in order to deliver actionable insights and, ultimately, personalized engagement. Treasure Data notes that CDP use cases primarily fall into three categories: 'know better', 'engage better', and 'measure better'.

Know-better use cases involve creating a complete view of the customer across all engagement channels. It involves integrating data from enterprise applications with third-party audience data from external DMPs. The ability to match customer IDs and segment IDs from DMPs with customer data in Treasure Data is critical in this regard.

Engage-better use cases involve creating a better understanding of the customer journey and re-segmenting data to deliver the optimum experience. This involves personalization – not just tailoring an experience to a particular customer, but also to the device and context through which they are engaging with the business (or what 451 Research would call contextual experience).

Measure-better use cases involve cross-channel measurement of customer experience to understand customer behavior. It relies on the unification of data from multiple channels in Treasure Data, with templated views of cross-channel measurement built into the workflow engine, as well as integration with third-party business intelligence and visualization tools such as Tableau and Looker.

COMPETITION

Treasure Data's positioning as a CDP provider means it is likely to be increasingly compared with other customer data and marketing data specialists, although the company also faces competition from potential customers trying a do-it-yourself approach.

An open source approach could involve the use of multiple open source projects, such as Luigi (originally developed by Spotify), Airflow (originally developed by Airbnb), Pinball (originally developed by Pinterest) and DBT (originally developed by Stitch, or stitching together a variety of SaaS offerings, or a combination of the two).

We previously noted, for example, that the company was increasingly seeing competition come from a combination of cloud databases (such as Google's BigQuery, Amazon Web Services' Redshift and Snowflake), plus cloud-based ETL services (from the likes of Stitch, Etleap, Alooma, Fivetran and Xplenty).

In terms of packaged CDP competitors, Treasure Data sees larger customers looking to take advantage of marketing cloud offerings from the likes of Adobe and Salesforce (but notes that it can be used to combine data from those platforms with data from other sources), while for SMBs it typically sees potential competition from the likes of Segment, mParticle and Tealium, as well as Lytics, Reltio, NGDATA and AllSight.

As 451 Research recently noted, we see CDP evolving into customer intelligence platforms through the integration of advanced machine-learning-led intelligence. Although only recently named as a CDP provider, Treasure Data is already on this journey itself, not least through its involvement in and use of Apache Hivemall.

SWOT ANALYSIS

STRENGTHS

Treasure Data has been drawn increasingly toward customer data and marketing use cases by its customer base, and its positioning as a CDP provider is an incremental step forward, rather than a pivot in a new direction.

WEAKNESSES

The company admits that there is still work to be done to fully address the opportunity, including the front-end experience and boosting its professional services capabilities.

OPPORTUNITIES

Treasure Data offers a core platform for multiple use cases and will, over time, be able to develop more use-case-centric functionality beyond digital marketing to address things like customer services and product analytics.

THREATS

There are already some very large players in the CDP space, which is evolving toward machine-learning-driven customer intelligence, and competition is likely to be fierce.