

F R O S T & S U L L I V A N

FROST & SULLIVAN BEST PRACTICES AWARD

PERSONALIZATION ENGINES - GLOBAL

Company of the Year 2019



FROST & SULLIVAN

2019

BEST
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Background and Company Performance

Industry Challenges

The world is in the midst of the most significant technology transition ever seen as business and society embrace the new digital reality. To a large extent, the shift is being driven by the Internet economy, with consumer technology bellwethers including Alibaba, Amazon, Apple, Baidu, Facebook, Google, Microsoft, and Tencent redefining user and customer expectations.

Frost & Sullivan has been tracking how retail as the archetypal customer-facing industry has been at the cutting edge of this transformation, much of which has been driven by applications of artificial intelligence (AI). Other customer-facing industries such as travel, hospitality, and retail banking are following suit. AI has been enabling automated decision-making with accuracy and speed for some time, based on data analytics, coupled with self-learning abilities.

Brands are vying for attention, aiming to deliver a positive experience and to build a meaningful connection with the customer that goes beyond transactional shopping interaction. Developments such as Facebook's newsfeed change the world from information pull to information push; the principal challenge for brands has become the need to stand out from the continuously growing volume of content being generated. Only the most relevant and noteworthy content will have a chance to create a response as the volume of data being generated has exceeded the human ability to consume data. Not only is algorithmic filtering increasing, but attention spans of younger generations are declining.

Too much information or product choice can confuse shoppers. Ensuing friction and complexity can lead to lost sales and affect the customer experience to the extent that it prevents the customers from coming back. The challenge is to select and curate the best and most relevant products. This is why personalization is so fundamentally valuable to consumers and, by extension, to merchants – it prevents shoppers from being overwhelmed by the choices available to them. Digital retailers are personalizing their communications, recommendations, promotions, and digital storefronts/websites to tie in with shopper preferences, habits, and purchase patterns. Looking ahead, innovative retailers will be raising customer expectations of physical shopping environments to the same level.

Personalization is becoming increasingly critical. Fundamentally, AI software creates customer profiles that can enable personalized marketing, promotions, and interaction – the profiles are also informed by customer location, in-store behavior, sentiment, and multichannel experience. This arena has been attracting increasing attention and investment in recent years. It has seen the emergence of a flurry of new, specialized providers that are bringing forth best-of-breed solutions. More established vendors of marketing technology – notably those with robust data management offerings – have scrambled to upgrade their marketing solution portfolios in adjacent categories by adding personalization capabilities. Indeed, the customer data platform (CDP) space is establishing itself as a fast-growing standalone solution category. Moreover, technology providers with their core business in adjacent marketing technology categories such as marketing automation are upping their personalization game.

The tension between personalization and privacy will require increasing attention. Companies need to tread carefully – consumers are concerned about companies knowing too much about them, and about the safety of their data. Increasingly sophisticated personalization engines can help cope better with many of these challenges.

Visionary Innovation and Performance/Customer Impact

Founded in 2010, Somerville, Massachusetts-based Evergage enables B-to-C and B-to-B customer-facing organizations to deliver real-time personalized interactions across channels and at scale through its cloud-based personalization and customer data platform.

Making Every Customer a VIP through Personalization at Scale

Evergage's functional scope in terms of personalization extends from fundamental rules-based functionality that enables traditional segment-based targeting, to the most advanced 1-to-1 personalization approaches. At the high end of the spectrum, it leverages machine learning and an impressive range of behavioral and contextual data points to automate relevant 'in-the-moment' recommendations, offers, and communication.

In the words of the company, Evergage provides "The Power of 1," to enable "digital marketers to transform the dream of 1-to-1 customer engagement across channels into reality."¹ The company aspires to this vision by bringing together behavioral analytics, machine learning, and all available data to create a single view of each customer and activate the data to create personalized, relevant real-time experiences. Exhibit 1 shows some of the key benefits of using Evergage.

Exhibit 1: Evergage Key Benefits



Source: Evergage²

Noteworthy achievements from Evergage's most recently reported financial year include the company's expansion into Europe, the launch of its Evergage GearsTM extension framework, new partnerships, and several new features and capabilities including the 'SmartSurveys' voice-of-the-customer survey tool that is "able to trigger in-the-moment personalization based on each person's responses."³

Evergage democratizes personalization technology by placing powerful analytics capabilities – including for complex attribution measurement – in the hands of non-data scientists to enable them to derive value from personal, behavioral, and contextual data. With its add-on Data Warehouse⁴ and

¹ <https://www.evergage.com/blog/press/evergage-writes-book-delivering-11-personalized-experiences-delight-customers-grow-revenues/>, accessed on 05 November 2019

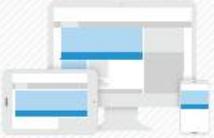
² https://www.evergage.com/wp-content/uploads/2018/11/Evergage_Company_Overview.pdf, accessed on 05 November 2019

³ <https://www.evergage.com/blog/press/evergage-closes-out-a-successful-fy18-with-rapid-growth/>, accessed on 05 November 2019

⁴ <https://www.evergage.com/modules/data-warehouse/>, accessed on 18 December 2019

Data Science Workbench⁵ modules, however, advanced users including business analysts and data scientists can delve deeper with custom queries and models. Exhibit 2 gives a high-level overview of Evergage’s capabilities.

Exhibit 2: Evergage Capabilities

| | |
|--|--|
|  <p>CUSTOMER DATA PLATFORM</p> <p>Integrate your data and maintain a single, comprehensive view of every customer and prospect – with in-depth insights generated by Evergage – to use for analysis and activation.</p> |  <p>MACHINE LEARNING</p> <p>Algorithmically deliver true 1-to-1 personalized experiences – across channels – and automatically uncover opportunities and insights from your customer and prospect data.</p> |
|  <p>BEHAVIORAL TRACKING</p> <p>Determine the true interests and intent of each visitor, user or account by combining click-tracking with monitoring of time spent, inactivity, mouse movement, scrolling, hovering and more.</p> |  <p>SEGMENTATION</p> <p>Leverage insights from current and past session behavior along with internal and external data sources to segment visitors, users and accounts in real time.</p> |
|  <p>TARGETING & TRIGGERING</p> <p>Deliver personalized messages and experiences, in-app notifications, emails and system updates based on real-time actions, segment membership, catalog changes and more.</p> |  <p>RECOMMENDATIONS</p> <p>Apply customizable machine-learning algorithms to drive 1-to-1 content/product recommendations and optimal offers/promotions that consider each individual's unique preferences.</p> |
|  <p>TESTING</p> <p>Conduct targeted A/B and multivariate tests to ensure cross-channel experiences provide lift over control and are optimized for maximum effectiveness.</p> |  <p>ANALYTICS & ATTRIBUTION</p> <p>Monitor campaign statistics, access cross-channel reports and leverage machine-learning analytics to identify the most important factors impacting your digital marketing initiatives.</p> |

Source: Evergage⁶

⁵ <https://www.evergage.com/modules/data-science-workbench/>, accessed on 18 December 2019

⁶ https://www.evergage.com/wp-content/uploads/2018/11/Evergage_Company_Overview.pdf, accessed on 05 November 2019

2019 went further, with the launch of Evergage Gears Marketplace. It provides customers with “a library of easily installable components (or ‘Gears’), including connectors, extensions, templates, and more, that enhance the functionality and value of Evergage’s personalization and customer data platform (CDP), while satisfying the requirements of business and IT users ... companies can access a one-stop-shop for validated, ready-to-install and customizable Gears that address their business- and industry-specific needs.”⁷

Personalization Backed by a Leading CDP

Ingesting, unifying, and synthesizing/analyzing customer data are vital prerequisites to make personalization execution possible. Personalization platforms that natively combine the unifying, central customer data infrastructure that CDPs provide with personalization engines can bring increased speed, performance and cost benefits over ad-hoc integrated components.

Evergage is one of a select few providers that has been recognized for demonstrating excellence in terms of both a personalization engine and CDP. The company’s strength in the CDP market category has been recognized, for example, by Frost & Sullivan, bestowing its 2018 North American Customer Data Platform Technology Leadership Award on Evergage.

Measurable Results = Happy Customers

Focused on the retail, technology, financial services, travel, media, and entertainment industries, Evergage has a track record of achieving tangible results for its customers through machine learning-powered personalization. New customer wins in the last financial year include Business Development Bank of Canada (BDC), Lulu Press, Ping Identity, Shoe Carnival, Specialty Commerce, Venus Fashion, and Zerto.⁸

To demonstrate its impact, Evergage reports, for example, helping the US apparel company Carhartt optimize conversions through 1-to-1 personalization across eCommerce sites and emails. More concretely, the results included:

- 7x uplift in conversion rate driven by triggered email
- 24% increase in conversion rate driven by weather-linked adaptation of homepage
- 13% increase in conversion rate on the back of personalized recommendations complementing purchased products⁹

“Consumers today expect a personalized experience, and Carhartt shoppers are no exception. Evergage allows us to test our hypotheses about what our shoppers want and tailor our shopping experience to each individual to meet their unique needs.”

Manager of Digital Experience, Carhartt

A testimonial by another customer gives another powerful illustration of the value Evergage creates:

“With hundreds of thousands of pieces of fine art, antiques, and collectibles in our catalog, we needed a way to help our customers navigate our collection and help them find the items they’re most likely to be interested in. Evergage

⁷ <https://www.evergage.com/blog/press/evergage-unveils-the-evergage-gears-marketplace/>, accessed on 04 November 2019

⁸ <https://www.evergage.com/blog/press/evergage-closes-out-a-successful-fy18-with-rapid-growth/>, accessed on 4 November 2019

⁹ <https://www.evergage.com/resources/case-studies/carhartt/>, accessed on 04 November 2019

has given us the ability to understand each person and deliver truly individualized experiences across web and email.”¹⁰

Neal Glazier VP of Marketing, Invaluable

Strong business performance in the most recently reported financial year is an almost natural consequence of the value Evergage has managed to generate for its customers through its product and operational excellence; achievements include over 50% growth in revenue and over 40% growth in average contract value.

Deserved Recognition

Evergage’s excellence has been widely recognized and is reflected by a slew of accolades that include:

- 2019 ‘CDP of the Year’ and ‘Personalization Tech of the Year’ in Rele Awards¹¹
- 2019 Golden Bridge Awards® for artificial intelligence-driven personalization¹²
- 2019 EContent 100 Award Winner (for a fourth consecutive year)¹³
- 2019 Leader in G2’s Grid Report for Customer Data Platform (CDP) Software, Grid Report for Personalization Engines, Grid Report for Personalization Software, Grid Report for E-Commerce Personalization and Grid Report for A/B Testing¹⁴
- Gold Stevie Award in The 2019 American Business Awards for improving personalization with artificial intelligence¹⁵

Several of the above are repeat wins. Notably, Evergage is an impressive five-time winner of the Stevie American Business Awards. It is also a four-time winner of the Golden Bridge Awards.¹⁶ We have no doubt; the company’s trophy collection will continue to grow.

Zooming out into the Big Picture

At Frost & Sullivan, we have been at the forefront of customer experience and related technology as business researchers, consultants, thought leaders, and educators through our regular MindXchange executive events.¹⁷ As such, we feel obliged to remind that it is the age-old wisdom that customer retention is cheaper than customer acquisition – making it clear why customer experience has become the all-important performance driver it is today. Customer experience drives purchase frequency, and purchase value increases loyalty and generates advocacy. In a world where increasingly every unique product proposition – whether digital or physical – can be copied instantaneously, experiences become the only differentiator.

¹⁰ <https://www.evergage.com/resources/case-studies/invaluable/>, accessed on 04 November 2019

¹¹ <https://www.evergage.com/blog/press/evergage-named-cdp-of-the-year-and-personalization-tech-of-the-year-in-inaugural-rele-awards/>, accessed on 03 November 2019

¹² <https://www.evergage.com/blog/press/evergage-wins-in-golden-bridge-awards-for-artificial-intelligence-driven-personalization/>, accessed on 03 November 2019

¹³ <https://www.evergage.com/blog/press/evergage-named-an-econtent-100-award-winner-for-fourth-year-in-a-row/>, accessed on 03 November 2019

¹⁴ <https://www.evergage.com/blog/press/evergage-named-an-econtent-100-award-winner-for-fourth-year-in-a-row/>, accessed on 03 November 2019 and <https://www.evergage.com/blog/press/evergage-named-a-leader-in-five-new-g2-grid-reports/>, accessed on 18 December 2019.

¹⁵ <https://www.evergage.com/blog/press/evergage-wins-in-2019-american-business-awards-for-improving-personalization-with-artificial-intelligence/>, accessed on 03 November 2019

¹⁶ https://www.evergage.com/resources/data_sheets/evergage-company-overview/, accessed on 04 November 2019

¹⁷ Compare: <https://ww2.frost.com/event/live-events/>, accessed 18 October 2019

“The only things that are increasing in cost while everything else heads to zero are human experiences—which cannot be copied. Everything else becomes commoditized [..].”

Kevin Kelly, founding executive editor of Wired magazine, author of *The Inevitable* (2016)¹⁸

Conclusion

Evergage is one of a select few providers who have been recognized for excellence across both its personalization technology and CDP offerings. The company's ability to seamlessly combine two best-of-breed applications gives Evergage a credible foundation to emphasize its ability to excel across the personalization value chain: from data unification to synthesis/analysis and activation/personalization delivery.

These capabilities put Evergage at the forefront of empowering customer-facing organizations to deliver better, personalized, and more relevant experiences to end-customers. Considering just how much of an innovation and execution powerhouse Evergage has been over the last few years, and with its strong overall performance, Evergage has earned Frost & Sullivan's 2019 Global Company of the Year Award.

¹⁸ Kevin Kelly, [The Inevitable: Understanding the 12 Technological Forces That Will Shape Our Future](https://highlights.sawyerh.com/volumes/56b3ef73-d980-4e42-8798-d34eec8ad688), <https://highlights.sawyerh.com/volumes/56b3ef73-d980-4e42-8798-d34eec8ad688>, accessed on 21 October 2019

Significance of Company of the Year

To receive the Company of the Year Award (i.e., to be recognized as a leader not only in your industry, but among non-industry peers) requires a company to demonstrate excellence in growth, innovation, and leadership. This excellence typically translates into superior performance in three key areas—demand generation, brand development, and competitive positioning—that serve as the foundation of a company’s future success and prepare it to deliver on the 2 factors that define the Company of the Year Award: Visionary Innovation and Performance, and Customer Impact).



Understanding Company of the Year

Driving demand, brand strength, and competitive differentiation all play critical roles in delivering unique value to customers. This three-fold focus, however, must ideally be complemented by an equally rigorous focus on Visionary Innovation and Performance to enhance Customer Impact.

Key Benchmarking Criteria

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated each factor according to the criteria identified below.

Visionary Innovation and Performance

- Criterion 1: Addressing Unmet Needs
- Criterion 2: Visionary Scenarios through Mega Trends
- Criterion 3: Implementation of Best Practices
- Criterion 4: Blue Ocean Strategy
- Criterion 5: Financial Performance

Customer Impact

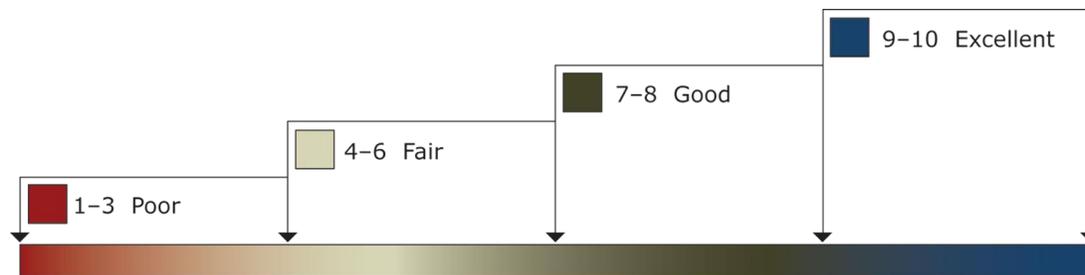
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for Evergage

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows research and consulting teams to objectively analyze performance according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES



The Decision Support Scorecard considers Visionary Innovation and Performance and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, Frost & Sullivan has chosen to refer to the other key participants as Competitor 1 and Competitor 2.

| <i>Measurement of 1–10 (1 = poor; 10 = excellent)</i> | | | |
|---|------------------------------------|-----------------|----------------|
| Company of the Year | Visionary Innovation & Performance | Customer Impact | Average Rating |
| Everage | 10 | 9 | 9.5 |
| Competitor 1 | 9 | 9 | 9 |
| Competitor 2 | 7 | 7 | 7 |

Visionary Innovation & Performance

Criterion 1: Addressing Unmet Needs

Requirement: Implementing a robust process to continuously unearth customers’ unmet or underserved needs, and creating the products or solutions to address them effectively.

Criterion 2: Visionary Scenarios through Mega Trends

Requirement: Incorporating long-range, macro-level scenarios into the innovation strategy, thereby enabling first-to-market growth opportunity solutions.

Criterion 3: Implementation of Best Practices

Requirement: Best-in-class strategy implementation characterized by processes, tools, or activities that generate a consistent and repeatable level of success.

Criterion 4: Blue Ocean Strategy

Requirement: Strategic focus on creating a leadership position in a potentially uncontested market space, manifested by stiff barriers to entry for competitors.

Criterion 5: Financial Performance

Requirement: Strong overall business performance in terms of revenue, revenue growth, operating margin, and other key financial metrics.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company’s product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

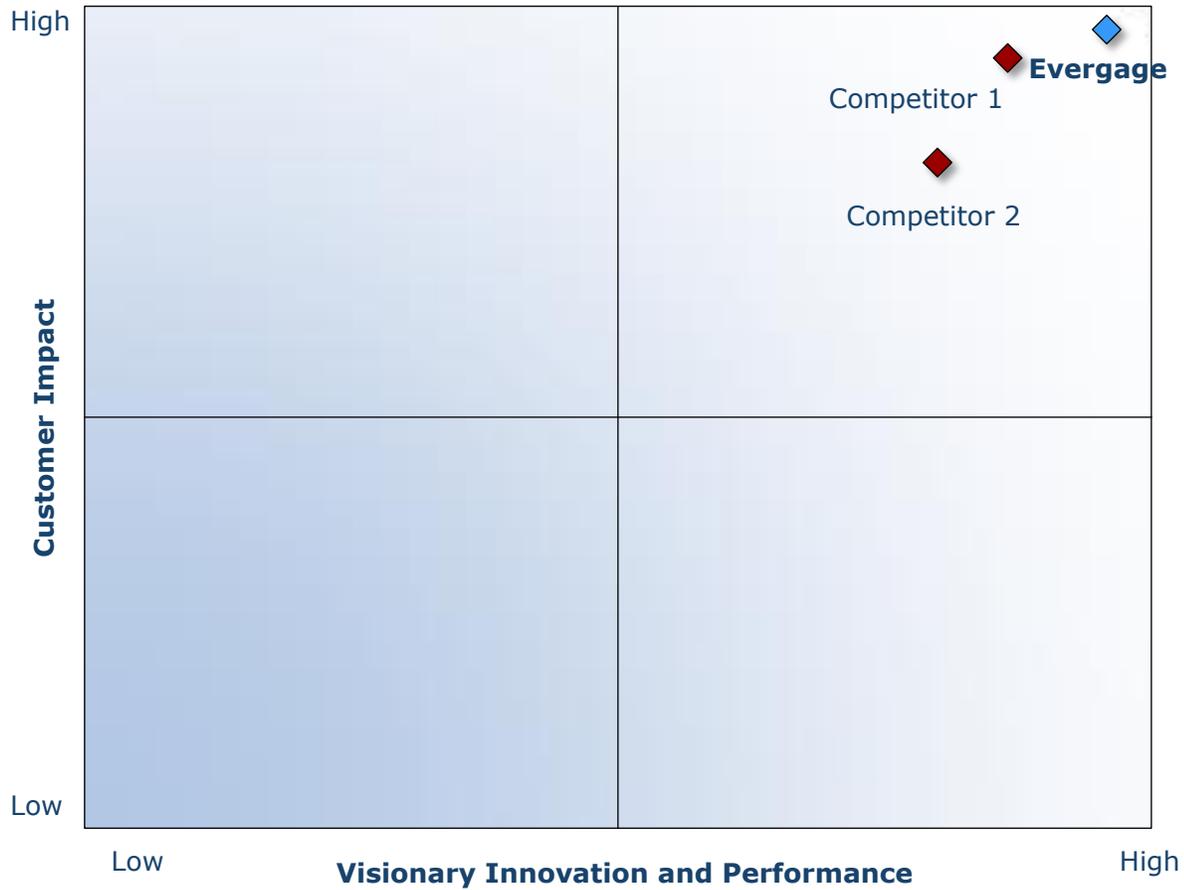
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



Best Practices Recognition: 8 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate award candidates and assess their fit with select best practice criteria. The reputation and integrity of the awards are based on close adherence to this process.

| STEP | OBJECTIVE | KEY ACTIVITIES | OUTPUT |
|---|--|--|--|
| 1 Monitor, target, and screen | Identify award recipient candidates from around the world | <ul style="list-style-type: none"> Conduct in-depth industry research Identify emerging industries Scan multiple regions | Pipeline of candidates that potentially meet all best practices criteria |
| 2 Perform 360-degree research | Perform comprehensive, 360-degree research on all candidates in the pipeline | <ul style="list-style-type: none"> Interview thought leaders and industry practitioners Assess candidates' fit with best practices criteria Rank all candidates | Matrix positioning of all candidates' performance relative to one another |
| 3 Invite thought leadership in best practices | Perform in-depth examination of all candidates | <ul style="list-style-type: none"> Confirm best practices criteria Examine eligibility of all candidates Identify any information gaps | Detailed profiles of all ranked candidates |
| 4 Initiate research director review | Conduct an unbiased evaluation of all candidate profiles | <ul style="list-style-type: none"> Brainstorm ranking options Invite multiple perspectives on candidates' performance Update candidate profiles | Final prioritization of all eligible candidates and companion best practices positioning paper |
| 5 Assemble panel of industry experts | Present findings to an expert panel of industry thought leaders | <ul style="list-style-type: none"> Share findings Strengthen cases for candidate eligibility Prioritize candidates | Refined list of prioritized award candidates |
| 6 Conduct global industry review | Build consensus on Award candidates' eligibility | <ul style="list-style-type: none"> Hold global team meeting to review all candidates Pressure-test fit with criteria Confirm inclusion of all eligible candidates | Final list of eligible award candidates, representing success stories worldwide |
| 7 Perform quality check | Develop official award consideration materials | <ul style="list-style-type: none"> Perform final performance benchmarking activities Write nominations Perform quality review | High-quality, accurate, and creative presentation of nominees' successes |
| 8 Reconnect with panel of industry experts | Finalize the selection of the best practices award recipient | <ul style="list-style-type: none"> Review analysis with panel Build consensus Select winner | Decision on which company performs best against all best practices criteria |

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of the research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, resulting in errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, helps clients accelerate growth and achieve best-in-class positions in growth, innovation, and leadership. The company's Growth Partnership Service provides the CEO and the CEO's growth team with disciplined research and best practices models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit www.frost.com