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Advanced Analytical And Strategic Services Propel The Allant Group Forward

The Forrester Wave™ Vendor Summary, Q4 2007

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EXECUTIVE SUMMARY

In the two years since we last evaluated database marketing service providers, The Allant Group has honed its delivery of analytically and strategically led database engagements. Allant targets enterprise opportunities in select industries, and its integrated service and high customer satisfaction translate into notable market momentum. Clients describe its service delivery as very open, flexible, and responsive, and the company is a strategic partner for senior-level marketers within its client base.

ALLANT GAINS MARKET MOMENTUM

The Allant Group is a privately held company led by industry veterans, with core competencies in data management, database services, analytics, and strategy. The company operates two business units: one focused on transactional processing and the other focused on managed databases. Marketing services clients account for 60% of total company revenues, but the momentum in its database business will drive revenues from database clients to increase more than 60% in 2007 over 2006. Allant best suits firms that have more than \$1 million to spend, although it will target business below this threshold if it thinks it can grow it.

Forrester evaluated The Allant Group's current offering and strategy for database marketing service providers against 143 criteria and found the company to be a Leader for enterprise opportunities and a Strong Performer for midmarket opportunities (see Figure 1). Overall, The Allant Group provides an analytical and strategic approach to service delivery. Clients describe its service delivery as very open, flexible, and responsive, and the company is a strategic partner for senior-level marketers within its client base. Allant does not offer creative services and offers limited execution capabilities, but it will manage third-party vendors on behalf of its clients. We found that The Allant Group:

- **Delivers integrated, strategic, and analytical service.** The Allant Group has a strategic and analytical approach to database management. Its vision for its managed database business is centered on the idea that marketing service providers should provide analytical and strategic guidance, not just data processing and other technology services. Clients praise its integrated delivery, particularly the business manager role, which brings all aspects of the company's service together seamlessly.
- **Focuses on client success.** Allant client teams are goaled against their contribution to clients' business results. Clients praise the company's flexible, customer-focused delivery and ability to



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understand the clients' business and deliver innovative solutions to client problems. One client told us, "At the end of the day, I believe they are dedicated to our success and will bring to bear whatever resources they need to get stuff done."

- **Is well positioned for growth.** Allant targets a named list of prospect and customer accounts with highly customized solutions. The company takes an industry-oriented approach to the marketplace, targeting the telecom, financial services, retail, media, automotive, and travel industries. Allant deployed 27% of its total databases during the first nine months of 2007 and expects its 2007 database revenue to increase 60% year over year. The company employs a range of oversight and management processes that we believe will enable it to carefully manage its future growth.

To see how The Allant Group stacks up against 11 other competitors, see the Forrester Wave™ evaluation of the database marketing service providers market.¹

Figure 1 The Allant Group Evaluation Overview

CURRENT OFFERING	
Account management and service delivery	The Allant Group has an analytical and strategically led approach to service delivery. Clients describe its service delivery as very open, flexible, and responsive. It has become a strategic partner for senior-level marketers within its client base, and clients that we interviewed rate its service very highly.
Strategy services	Allant has a very strong and fully integrated strategic consulting group, and it has a strategic consultant to managed database ratio of 1:2.9. The company employs a strategy road map for all clients to assist in right-sizing solutions for clients and helping them to grow over time.
Data and data sourcing services	Allant employs a data-agnostic approach to data sourcing, and it seeks to source data based on the unique business requirements of each client in a financially objective manner.
Database management	Allant has 26 marketing databases under management, with seven deployed into production between January 1, 2007, and September 1, 2007. The company supports a range of platforms and technologies, and clients describe it as very flexible in its database design. One client pointed to concerns around quality control.
Data processing and CDI	Allant provides data processing and CDI services as part of its overall solution.
Analytical services	Allant has a statistician to managed database ratio of 1:1.3. The company has an analytical approach to database management, and more than half of its customers leverage the company's analytic services. Client feedback was extremely positive in this area.
Creative services	Allant does not offer creative services. The company employs several senior team members with agency leadership experience, and the company works cooperatively with many clients' agency and internal creative services teams.
Execution	Allant provides execution, fulfillment, and media services on a selective basis to database clients. The company will manage third-party vendors on behalf of clients, and it has an ongoing partnership with Responsys for email delivery and management.
Measurement	Allant provides a range of measurement methodologies and technologies to its clients.
Technology capabilities	Allant provides a range of technical services and best-of-breed third-party and proprietary technologies to its database clients.
Integrated services	Most of Allant's clients integrate data from across channels and leverage its database for integrated communications. Approximately 20% of clients have integrated contact strategies in place.
Other capabilities	Allant deploys primarily hybrid databases, in addition to customer-only and acquisition-only databases. The company provides loyalty program and market research support to managed database clients.

Source: Forrester Research, Inc.

Figure 1 The Allant Group Evaluation Overview (Cont.)

CURRENT OFFERING	
Midmarket capabilities	Sixty percent of Allant's database clients currently spend less than \$1 million per year. Allant does not provide midmarket solutions, but it typically provides databases that do not have end user tools to this client base.
Industry capabilities	Allant has industry-specific services for financial services, retail, and telecom/cable clients.
Sales channel capabilities	Allant is primarily focused on B2C clients, but it also has relationships with B2B and B2B2C clients.
Contracts and pricing	The Allant Group is perceived as a high, midcost provider in the market. The company does not typically offer exclusivity and claims that its contract and pricing is flexible.
STRATEGY	
Corporate strategy	<ul style="list-style-type: none"> • The company demonstrates a strong emphasis on large-scale, enterprise, and B2C requirements, and it emphasizes its independence of data source bias and channel bias. • Allant has bolstered its management team with senior players from areas of the market, including consultancies, analyst firms, and agencies. • Allant's goal is to be a key strategic advisor to CMOs, and it was one of only two vendors to offer CMO references. • Allant has a strong emphasis on client satisfaction, and client teams are goaled against their contribution to clients' business results. • Client feedback was overwhelmingly positive. Clients praise the company's flexible and customer-focused delivery, its analytical strengths, and its ability to understand the clients' business and delivery solutions to client problems. Some clients commented on project management, quality control issues, and inconsistency of pricing.
Focus	<ul style="list-style-type: none"> • Allant operates two business units: one focused on transactional processing and the other focused on managed databases. • The managed database business recorded \$9.3 million in 2006 and accounted for approximately 38% of Allant's \$24.5 million in revenues. • Allant's marketing services clients, inclusive of marketing database clients, accounted for 60% of total company revenues in 2006. • The company expects revenues from database clients to be more than 60% higher in 2007 than in 2006, and it expects the share of revenue for the managed database business to increase to between 45% and 50% of overall revenue. • Allant's overriding focus today is on designing, building, and managing marketing database systems, and the company believes that marketing database systems will continue to be the cornerstone business of the company.

Source: Forrester Research, Inc.

Figure 1 The Allant Group Evaluation Overview (Cont.)

STRATEGY

<p>Delivery strategy</p>	<ul style="list-style-type: none"> • Allant’s solutions are designed for, marketed, sold, and delivered to a specific named list of prospect and customer accounts on a highly customized basis. • Allant built its business without bias toward a particular data source, execution channel, or proprietary technology. • Allant measures client satisfaction specifically related to the performance of its account management group. It measures client satisfaction through routine contact with the client and also measures and evaluates satisfaction metrics on a monthly basis and year-to-date performance. Client services teams are also evaluated against each other. • Allant takes an open, transparent approach to knowledge transfer. • Allant’s service delivery is described by clients as transparent, flexible, and highly responsive to customer needs. The company was also described as innovative in addressing client needs out of the ordinary.
<p>Midmarket strategy</p>	<ul style="list-style-type: none"> • Overall, Allant’s strategy is to service large, enterprise customers, although it often begins relationships and establishes credibility with these large firms through midmarket-size contracts. • Allant does not have any solutions specifically designed for the midmarket per se, although it notes that its enterprise experience in focus industries like financial services, telecom, and retail typically have value for midmarket buyers also. • Its approach to servicing midmarket clients is primarily based on providing databases without end user tools (e.g., Allant uses the database on the client’s behalf). • It does not have dedicated R&D personnel focused on midmarket solutions or dedicated account team staff to this market.
<p>Technology strategy</p>	<ul style="list-style-type: none"> • Technologies and services core to Allant’s strategy include its Predictive Intelligence engines, CDI, multichannel campaign management, reporting and response attribution, event detection and trigger marketing, and an emerging focus on Web analytics services and tools, as well as targeted interactive television advertising. • Proprietary investments have been made in areas including data processing, customer data integration, marketing measurement, and marketing database management tools. • Every deployment has both custom and reusable elements. Report templates and reference data models are often partially reusable, while custom elements include specifics of data integration, client database design, file layouts, campaign and report templates, analytic algorithms, and strategic services.
<p>Industry strategy</p>	<ul style="list-style-type: none"> • Allant takes an industry-oriented approach to the marketplace based on solution selling, industry-specific staff expertise, and, in some cases, specific technology assets (e.g., prepackaged retail reports and insurance agency optimization solution). • Specific sales, professional services, client solutions architects, and technology teams are devoted to primary industries of telecom, financial services (including insurance), and retail. • Secondary focus is on media, automotive, and travel industries. • Revenue and profitability are closely tracked at account and industry level.

Source: Forrester Research, Inc.

Figure 1 The Allant Group Evaluation Overview (Cont.)

STRATEGY	
Differentiators	<ul style="list-style-type: none"> • Allant received the joint highest Net Promoter score of the 12 evaluated vendors, and clients that we interviewed were passionate promoters of its overall service. • It combines an analytical and strategically led approach with an innovative database marketing system. • It has a focus on multichannel campaign management and measurement. • The company also emphasizes its independence — of data source, channel execution bias, corporate structure, etc.
Channel strategy	<ul style="list-style-type: none"> • Allant works cooperatively with many clients' agencies, in some cases taking a leadership role. • The company has no formal relationships with agency partners but is open to partnerships in this area. The company also has several senior executives with agency experience. • No managed database clients are sold or delivered via channel partners.
Outsourcing strategy	<ul style="list-style-type: none"> • A few aspects of Allant's data processing mix are outsourced, specifically postal processing services: NCOALink, DPV, LACS, DSF2, and COA+. • Email delivery is outsourced to Allant partner Responsys. • All other Allant services are delivered by staff.
Customer feedback	<ul style="list-style-type: none"> • Forrester surveyed reference clients of each vendor about what two things they like best and what they find most disappointing about their provider. Survey responders were provided a list of potential answers and were forced to select two. • When asked what they like best about their provider, the top responses from Allant Group clients were "quality of people/service," "analytical services," "technical capabilities," and "consistency of execution." Compared with all responses, a higher proportion of Allant Group customers selected "analytical services" and "breadth of marketing services," while a lower proportion selected "overall quality of people/service" and "stability of relationship." • When asked what is most disappointing about their provider, the top responses from Allant Group clients were "price," "inflexible nature of contracts," and "project management." Compared with all responses, a higher proportion of Allant Group customers selected "price," while a lower proportion selected "speed of update cycles" and "analytical services."

Source: Forrester Research, Inc.

Figure 1 The Allant Group Evaluation Overview (Cont.)

MARKET PRESENCE

Clients	Allant manages 26 databases on behalf of 20 clients. Forty percent of its clients spend more than \$1 million per year on all services.
Revenues	Allant expects to generate \$15 million in revenue from managed database clients in 2007.
Momentum and longevity	Thirty percent of customers have been with the company for more than five years, while 27% of total databases were brought up during the first nine months of 2007.
Employees	Allant has more than 200 employees with an average tenure of 6.8 years. Ninety-five employees are dedicated to the company's managed database business.
Global presence	Allant is focused exclusively on North America.
Industry presence	Banking, lending, and investing as well as telecommunications and utilities each account for more than 25% of Allant's revenues. The company also has a significant proportion of relationships in the retail, media and publishing, and manufacturing industries.
Sales channel presence	Ninety-six percent of Allant's revenue comes from B2C companies.

Source: Forrester Research, Inc.

SUPPLEMENTAL MATERIAL

Online Resource

The underlying spreadsheet for Figure 1 is available online. The spreadsheet includes more detailed data and scores for this vendor.

This detailed data and scores for this vendor are also available online through an Excel-based vendor comparison tool that provides detailed product evaluations and customizable rankings.

The Forrester Wave Methodology

We conduct primary research to develop a list of vendors that meet our criteria to be evaluated in this market. From that initial pool of vendors, we then narrow our final list. We choose these vendors based on: 1) product fit; 2) customer success; and 3) Forrester client demand. We eliminate vendors that have limited customer references and products that don't fit the scope of our evaluation.

After examining past research, user need assessments, and vendor and expert interviews, we develop the initial evaluation criteria. To evaluate the vendors and their products against our set of criteria, we gather details of product qualifications through a combination of lab evaluations, questionnaires, demos, and/or discussions with client references. We send evaluations to the vendors for their review, and we adjust the evaluations to provide the most accurate view of vendor offerings and strategies.

We set default weightings to reflect our analysis of the needs of large user companies — and/or other scenarios as outlined in the Forrester Wave document — and then score the vendors based on a clearly defined scale. These default weightings are intended only as a starting point, and readers are encouraged to adapt the weightings to fit their individual needs through the Excel-based tool. The final scores generate the graphical depiction of the market based on current offering, strategy, and market presence. Forrester intends to update vendor evaluations regularly as product capabilities and vendor strategies evolve.

ENDNOTES

- ¹ Forrester evaluated 12 leading database marketing service providers across 143 criteria. Our analysis identifies Merkle, Targetbase, KnowledgeBase Marketing, The Allant Group, and Epsilon as Leaders in our enterprise evaluation — due in large part to a combination of integrated delivery, advanced analytics, and favorable client feedback. These Leaders are challenged by two groups of Strong Performers: niche players like ChoicePoint Precision Marketing, Equifax Database Services, and Fair Isaac and those working to fully integrate the sum of their parts, including Acxiom, Harte-Hanks, Experian Marketing Services, and infoUSA. See the November 2, 2007, “[The Forrester Wave™: Database Marketing Service Providers, Q4 2007](#),” report.