

451 Research Market Insight Report Reprint

Conga expands beyond Salesforce into new clouds

December 4, 2023

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The company's latest release expands its product line beyond Salesforce's AppExchange, giving it the ability to compete in new markets. Unifying its products under a single data schema allows Conga to pursue a "crush the stack" and "land and expand" market strategy.

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Market Intelligence

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Introduction

The fall 2023 release marks a milestone for Conga, introducing several advances and the product launch of its Conga Revenue Lifecycle Cloud, aimed at bolstering its “crush the stack” and “land and expand” strategies. The release also marks an expansion beyond the company’s traditional Salesforce Inc. AppExchange market. Enhancements include the launch of Conga Sign and Conga Composer on the Conga Revenue Lifecycle Cloud and new features for the Conga Contract Intelligence, Conga Contracts for Salesforce and Conga Manage and Fulfill products.

THE TAKE

At first glance, Conga’s twin strategies of “land and expand” and “crush the stack” might seem at odds. “Land and expand” focuses on initially securing a small commitment from potential customers, often by targeting a specific need. Once the product has proven its value, the vendor expands by introducing new features and modules to gradually increase the customer’s investment. “Crush the stack” refers to consolidating several software platforms into a more manageable set of products by unifying data and streamlining processes. Given the complexity of business-to-business sales, this is something B2B buyers see a need for even more than B2C buyers (figure below). Consequently, the more products working together that it can introduce into an account, the better Conga can position itself as streamlining the stack. While these strategies offer many benefits, the company should be mindful of two potential challenges. The first is feature bloat: As developers add increasingly more functionality, there is a risk of making the product overly complex. The second is that existing users might resist consolidation, especially if they feel overwhelmed by new features.

Details

According to the 451 Research M&A KnowledgeBase, the current company was formed when Apttus acquired AppExtremes in May 2020 for \$715 million. At the time of the acquisition, AppExtremes (then doing business as Conga) provided document generation, presentation and reporting tools for Salesforce. Apttus was originally a configure-price-quote vendor acquired by private equity firm Thoma Bravo for \$1.6 billion in September 2018. The combined company was subsequently renamed Conga.

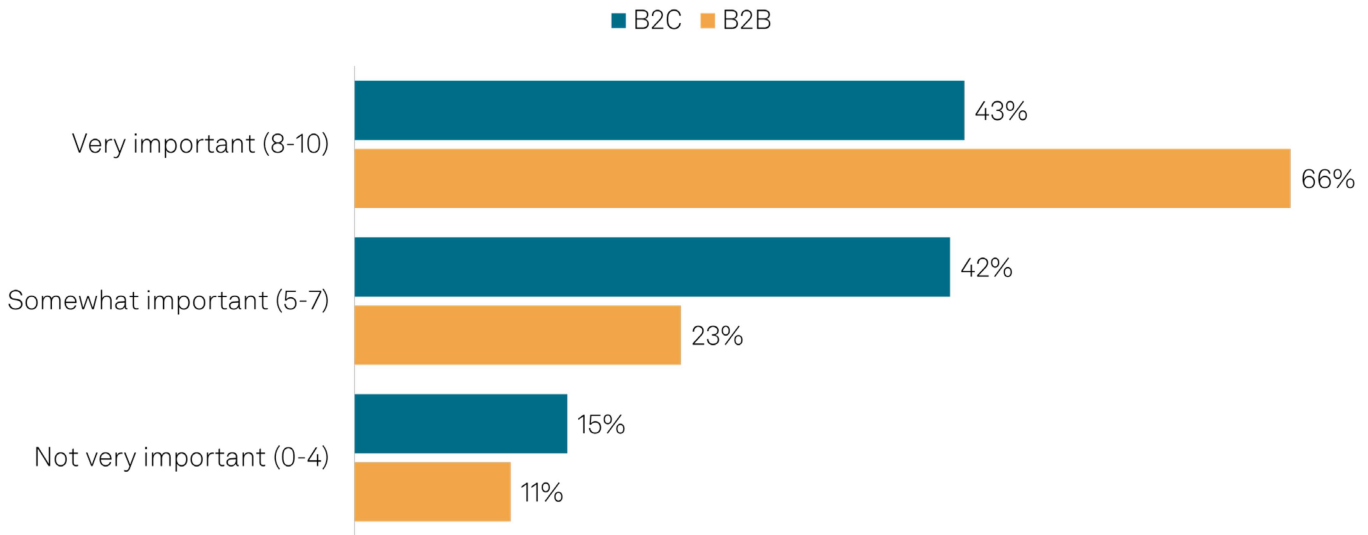
The fall 2023 release incorporates several advances and product launches within the Conga product suite that support both its crush-the-stack and land-and-expand strategies. The most significant of these are the launch of Conga Sign and Conga Composer on the Conga Revenue Lifecycle Cloud. These products were released under the Conga Revenue Lifecycle Cloud brand to offer electronic signature and document generation, respectively, to a new market. Although both products are still on the AppExchange, the new releases will also be available on AWS Marketplace, with support for other clouds on the product road map. Conga’s Revenue Lifecycle Cloud includes a new web interface and APIs that can be embedded directly into different revenue stacks. In addition, Conga is releasing a new Salesforce connector so customers of Conga Sign and Conga Composer can access any data stored in Salesforce, even if they move to the Revenue Lifecycle Cloud. Customers can white-label Conga Sign and still access Conga’s premium customer support at a competitive price (30% less than other competitors, according to the company). Thereafter, they can expand to Conga Composer and eventually other modules in the Conga product line.

Conga continues to add new features to its products. They include Conga Contract Intelligence, where the company will roll out AI-powered contract capabilities, including the ability to support custom AI models for early adopters, along with APIs to connect with contract repositories. Conga Contracts for Salesforce introduces the easier creation of contract clauses, and will include obligation management features that allow customers to set up obligation bundles, create clauses in a shared library and automatically generate obligation reports. Conga Manage and Fulfill has additional efficiencies like releasing invoice summaries and draft usage rating, and split invoices will be added to this module to streamline the billing process.

Moving away from the Salesforce App Exchange toward platform independence, as Conga has done with this release, is a strategic decision for software vendors. Platform independence allows vendors to reach a broader audience since they are no longer confined to Salesforce’s ecosystem, giving them a more significant total addressable market. This diversification also reduces dependency on a single platform, mitigating risks associated with changes in Salesforce’s policies or pricing.

Independence comes at a cost. Replatforming demands a substantial investment in developing, hosting and maintaining a new code line, as well as in marketing to reach prospects outside the Salesforce ecosystem. Only companies that have a certain level of financial resources, technical expertise and established customer bases are likely to successfully navigate the challenges of platform independence.

Importance of reducing the number of software vendors



Q. How important is reducing the number of software vendors you work with?

Base: CXC respondents (n=500).

Source: 451 Research’s Voice of the Enterprise: Customer Experience & Commerce, Budgets & Organizational Dynamics 2023.

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