Market Insight Report Reprint

Conga weaves a tapestry for the middle office at 2023 Connect Event

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The company is weaving together disparate platforms, partners, and enabling technologies to create a tapestry to meet the unmet needs of Conga customers, accelerate digital transformation initiatives and attract new clients. Once complete, the post-merger Conga should be in a better position to move upmarket into global multinational accounts.

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Introduction

Conga Connect 2023, the vendor's annual user meeting, showcased the successful 2020 merger of Conga with Apttus. The company announced support for a new cloud platform, the Conga Revenue Lifecycle Cloud; partnerships with Accenture PLC and Amazon Web Services; and enabling technologies such as APIs. Taken as a whole, these announcements mark the beginning of an initiative to weave disparate platforms, partners and enabling technologies into a kind of "tapestry," enabling it to address customers' unmet needs, accelerate digital transformation initiatives and attract new clients.

THE TAKE

Conga's approach is designed to address new customer requirements in what we refer to as the "middle office." The company's goal is to help its installed base move into the next phase of their digital transformation, which is also attracting new clients. Once complete, the post-merger Conga should be in a better position to move upmarket into global multinational accounts. However, for any union to be truly successful, the combination of products must also make sense to prospects. As with any acquisition, the challenges make for a high-risk, high-reward undertaking that requires careful planning and execution, as well as some luck, to achieve success. From our perspective, the merger between the two companies seems to be working.

Context

Combining two companies into a single entity is complex and uncertain. Despite significant potential benefits — such as greater revenue, increased market share and lower costs thanks to economies of scale — some mergers fail to meet their objectives.

First, the two companies may have cultural differences that can cause misunderstandings and clashes. Then, the process of integrating systems and procedures can be time-consuming and costly, and if not done correctly, can result in lost productivity, less revenue and even more significant expense. Finally, there needs to be a similarity in the software. The two companies' products must genuinely complement one another for the merger to add value to existing customers.

Apttus, a configure-price-quote specialist owned by private equity firm Thoma Bravo, bought Conga, a contract lifecycle management (CLM) vendor, in May 2020, and then took the target's name. According to our M&A KnowledgeBase, Apttus spent $715 million to buy a majority stake in Conga. The acquisition followed other CLM transactions in the space, such as Coupa's pickup of Exari, and DocuSign's purchases of SpringCM and Seal Software (all of which closed at above-market multiples, according to our estimates).

Conga Connect 2023

At Conga's annual user meeting event, many signs pointed to the merger being a success despite some bumps in the road. The new CEO's policy of hiring slowly and firing quickly has resulted in a talented executive team. In addition, as a Thoma Bravo portfolio company, Conga is beginning to gain some traction selling to its sister portfolio companies, affording it a captive market. Finally, the company's new transparency policy has been noted by clients as a welcome departure from the past culture.

But the real test of a merger of two SaaS providers is in software similarity. The company has successfully replatformed and woven together the different product lines, as evidenced by an hour-long, soup-to-nuts keynote demonstration. Additionally, at the start of the merger process in 2020, Conga claimed a combined total of 10,000 customers. Today, the company reports more than 11,000 customers. More importantly, in a generally down market for technology, Conga grew by 33% and now has more than $400 million in revenue, suggesting the merger has achieved many of its objectives.

Using a variety of platforms, partners and enabling technologies, the company has begun weaving a tapestry — a word we use because in this case it seems more accurate than the term stack, given the company's aims to support multiple stacks for the middle office. Conga is attempting to bring together disparate systems and data sources to create new business processes, and it is using platforms, partners and enabling technologies to facilitate the endeavor.

Platforms

One of the big announcements at the event was support for the AWS platform. Historically, both Apttus and Conga were Salesforce Inc.-centric. The new Conga is now also an AWS Advanced Technology Partner, and its products are available to purchase on the AWS Marketplace.

Although Conga expects to continue winning the bulk of its business on the Salesforce platform, it has significantly expanded its total addressable market through its support of AWS. At Connect, Conga announced plans to expand its TAM even further by replatforming to Microsoft Corp.'s Azure, Google Cloud and Alibaba Cloud. These are appealing options to enterprises that are moving their internal systems to these cloud platforms and standardizing on them.

Partners

As part of the merger integration, Conga rationalized its list of consulting firms to enforce greater commitment from its partners. Now, pivoting in the opposite direction, Accenture and Conga have entered a strategic partnership to expand the business ecosystem.

As part of the announcement, it was revealed that the two companies have already collaborated on engagements with dozens of clients in life sciences, financial services and high tech, inlcuding a flagship enterprise customer, Roche ADR. Clients on the scale of the 100,000-employee-strong pharmaceutical giant can be very good business for Accenture. We estimate that Accenture will earn $2.50 of service revenue for every dollar of subscription revenue Conga earns in joint accounts.

Counterintuitively, the addition of Accenture into the Conga ecosystem can be good business for the remaining Conga specialist consultancies. Not only does this open the door to them subcontracting expert services to Accenture, it aso increases their value in a financial exit should other big consulting firms follow Accenture's suit. Some of the consultancies we expect to benefit from the merger are Ad Victoriam Solutions, Coastal Cloud and Forsys.

Ad Victoriam Solutions is a consulting firm specializing in cloud technology and Salesforce implementations. It was founded in 2014 and is headquartered in Alpharetta, Ga. AdVic has approximately 150 employees. Coastal Cloud is a cloud technology and consulting company that focuses on helping businesses with digital transformation and Salesforce implementations. Founded in 2012 and headquartered in Palm Coast, Fla., Coastal Cloud has more than 600 employees spread across multiple locations in the US.

Technology consulting firm Forsys was founded in 2005, and specializes in Salesforce business offerings. The company is headquartered in Milpitas, Calif., and has approximately 400 employees, with additional offices in India, the UK and United Arab Emirates. In addition, Hitachi Energy, another of Conga's flagship enterprise customers featured at the event, is a joint client. The strength and depth of a vendor's partner ecosystem is often an important consideration for large enterprises that are making a purchasing decision.

Enabling technologies

Among the enabling technologies Conga uses in the latest version of the software are APIs, machine learning and artificial intelligence. At the core of the platform are ML and AI, which enable the software to use real-time data and reprogram itself. Equally important are the APIs Conga has implemented to give programmers an open road to transport the data that AI/ML algorithms need to function.

Together, they help clients automate complex contract processes, standardize configure price and quote tools, and create new unified business processes at scale. With both their front and back offices transformed, Conga customers are better able to enter the next phase of their digital transformation by streamlining operations and potentially reducing costs, and improving the overall efficiency of their middle offices. The larger the enterprise, the more complex the processes and, therefore, the greater the potential for standardization.

Competition

The middle office market is highly fragmented and consists almost exclusively of point products. Each individual market represents a thread Conga can use to weave its tapestry. Competitors to Conga's various offerings include:

– Conga CLM — Concord, ContractWorks, DealHub.io, DocuSign Inc.'s CLM, Icertis Contract Management Software, LinkSquares, PandaDoc and SAP SE's Ariba

– Conga Composer — Adobe Inc.'s Acrobat DC, DealHub.io, DocuSign CLM, Formstack Documents, Nintex Drawloop DocGen for Salesforce, PandaDoc, Proposify and S-Docs

– Conga Contract Intelligence — Accelo, Adobe Acrobat Sign, DealHub.io, GetAccept, PandaDoc, Proposify, Qwilr and SAP Ariba

– Conga Contracts and Conga Contracts for Salesforce — Concord, ContractWorks, DealHub.io, DocuSign CLM, Icertis Contract Management Software, LinkSquares, PandaDoc and SAP Ariba

– Conga CPQ — CloudSense, ConnectWise Sell, DealHub.io, Experlogix CPQ, QuoteWerks, Salesforce Revenue Cloud, Vendavo and XaitCPQ

– Conga Digital Commerce — BigCommerce, HCL Commerce, Intershop Communications AG's Commerce Platform, Magento Commerce, Oracle Commerce, Salesforce B2C Commerce Cloud, SAP Commerce Cloud and Shopify Inc.

– Conga Grid — ActiveCampaign, Clari, GridBuddy Connect, Groove, HubSpot Inc.'s Sales Hub, Looker, Mediafly Intelligence360 (formerly InsightSquared) and Salesforce Sales Cloud

– Conga Orchestrate — Appian Corp., Kinetic, Kissflow, Laserfiche, Nintex Process Platform, Pegasystems Inc.'s Pega Platform, ProcessMaker and Workato

– Conga Sign — Adobe Acrobat Sign, DocuSign, eversign, HelloSign, OneSpan Inc.'s Sign, PandaDoc, Signeasy and signNow

– Conga X-Author for Excel — 17hats, Kalendar AI, Proteus' Engage, Rattle, RingCentral Inc.'s MVP, TextExpander, The ROI Shop and Zoom International Call Recording

SWOT Analysis

STRENGTHS

The two companies are well on their way to being successfully integrated, and the resulting product lines seem to make sense to both existing and potential customers. Conga's product roadmap includes support for multiple platforms like Microsoft Azure and Alibaba Cloud, which makes it more appealing to companies not standardized on Salesforce and broadens its TAM.

WEAKNESSES

The company still has some hurdles to overcome, such as migrating the existing installed base over to the new platform. Overall, Conga is better positioned than it was before the merger to attract multinational clients and continue to grow its market share in an emerging middle office market.

OPPORTUNITIES

Conga's partnership with Accenture opens the door to big multinationals in life sciences, financial services and high tech that require the services of large consultancies. Its focus on enabling technologies like APIs, ML and AI also holds appeal to large, complex companies whose technical debt forces them to customize.

THREATS

For any union to be truly successful, the combination of products must also make sense to prospects. As with any acquisition, the challenges make for a high-risk, high-reward undertaking that requires careful planning and execution, as well as some luck to achieve success.