

REPORT REPRINT

Smartsheet's user base likely to benefit from its acquisition of Slope maker TernPro

CHRIS MARSH

15 JAN 2019

Work management pioneer Smartsheet has acquired TernPro, whose lightweight work management tool supporting the content lifecycle, Slope, should provide benefits across its users and use cases.

THIS REPORT, LICENSED TO SMARTSHEET, DEVELOPED AND AS PROVIDED BY 451 RESEARCH, LLC, WAS PUBLISHED AS PART OF OUR SYNDICATED MARKET INSIGHT SUBSCRIPTION SERVICE. IT SHALL BE OWNED IN ITS ENTIRETY BY 451 RESEARCH, LLC. THIS REPORT IS SOLELY INTENDED FOR USE BY THE RECIPIENT AND MAY NOT BE REPRODUCED OR RE-POSTED, IN WHOLE OR IN PART, BY THE RECIPIENT WITHOUT EXPRESS PERMISSION FROM 451 RESEARCH.



©2019 451 Research, LLC | WWW.451RESEARCH.COM

Smartsheet had an eventful year in 2018, executing a successful IPO in April and continuing to lead a cohort of modern SaaS vendors in posting impressive growth and driving awareness for the work management category among enterprise buyers. It combines a traditional land-and-expand strategy of addressing the demand among individuals and teams for ways to structure and manage work with clear aspirations and a growing base of customers deploying it in enterprise-wide and strategic implementations.

The combination requires Smartsheet to continue to add more capabilities for general knowledge-worker scenarios while supporting more specific work across different verticals and in different business units. Its acquisition of TernPro and its Slope tool supports each of these. Fundamentally, most types of work involve the use, generation and sharing of some kind of content. Knowledge workers get stronger native capabilities around accessing, sharing and viewing content. Marketing and other specifically creative users get more granular capabilities around content generation, approval and review. Other use cases reliant on content, such as education, certain field-service scenarios, retail and others should also benefit. Better managing content within the context of a full spectrum of work scenarios makes sense, and is a natural pairing for any modern work management system. Slope will be a strong addition to Smartsheet's portfolio of accelerators, and could form the basis for a separate packaged offering for marketers and creative teams. It could also be a pathway to other strategic areas such as contract management.

THE 451 TAKE

Most types of work exist with reference to content to some degree, whether its creative generation or its use in non-content-centric workflows. Even without much historic capability here, Smartsheet has virally appealed to long tail demand for ways to manage work. Slope could give Smartsheet native strengths to address a spectrum of needs around content. It offers some solid capabilities to the core application; the fuller capabilities could be positioned as a premium enhancement. It could ground a separate offering entirely for marketing and creative teams, and could lead the way to other strategic areas such as contract management.

DEAL DETAILS

Smartsheet has acquired Slope maker TernPro's entire patent and IP portfolio, with the team (including its co-founders) joining Smartsheet, most in SVP Gene Farrell's product organization. TernPro is a privately held Seattle-based software company that was founded in 2014 and launched in 2016. We estimate it has about 10 employees and an ARR of no more than a few million dollars.

It started as a creative agency born out of wanting tools to automate the planning of projects, tracking progress, collecting feedback and getting stakeholder approval. Its software provides those workflows, supporting the content lifecycle – from the issuing of requests for new content to its organization, review and approval. In essence, it is a lightweight work management tool for the content lifecycle. In October 2018, it announced a plug-in with Adobe's XD, which Smartsheet currently doesn't have.

ACQUIRER PROFILE

Smartsheet is a pioneer of modern work management software founded in 2006 in Bellevue, Washington. It gives individuals, teams and businesses a tool for nontechnical people to customize how work is structured, collaborated around, automated, managed and executed. It has driven viral adoption – used for thousands of individual use cases across 77,000 paying customers due to its highly flexible nature and deployment model allowing for unlimited collaborators. Deep integrations with key IT applications extend its utility into new work scenarios, and

a growing focus on enterprise-wide capabilities allows for more highly scalable real-time updates of work templates, along with a growing roster of templates and productized bundles addressing specific enterprise use cases. It has over 1,000 employees, and executed a successful IPO in April 2018.

COMPETITION

With Smartsheet at its fore, the modern work management segment has thrown down the gauntlet for traditional PPM players like Upland, Sciforma, Planview, Planisware, Clarizen, and Microsoft's Project and Planner, as well as other enterprise software players aware of the greenfield market opportunity to be the system of record for work currently residing poorly in specific systems, across different systems or outside of any system. ServiceNow has intimated that it sees a role here, and suspicions that AWS might release some kind of product have circulated for a few years. We would be surprised if others like Google, Salesforce and Microsoft weren't also strategizing.

Post-PPM players Asana and Wrike were a little ahead of the curve in specifically focusing on marketing and creative personas. In 2016 Wrike introduced Wrike for Marketers, a separate offering that included image proofing and approval capabilities, PDF creation, and an extension for Adobe Creative Cloud, with a slew of additional capabilities coming in an update last year. Asana has always had a strong appeal to marketing types – Bobbi Brown Professional Cosmetics uses it to execute global marketing campaigns. Marketing and design services constitute one of its largest customer segments, along with technology, media and entertainment, and retail.

SNAPSHOT

ACQUIRER

Smartsheet

TARGET

TernPro (Slope)

SUBSECTOR

Work management

DEAL VALUE

Undisclosed

DATE ANNOUNCED

January 15, 2019

ADVISERS

None disclosed