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Alteryx advances its cloud and data engineering ambitions with acquisition of Trifacta

Analysts - Paige Bartley

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Introduction

Data management and analytics provider Alteryx has rung in the new year with its eighth pickup since 2017, announcing a definitive agreement to bring Trifacta into the fold. Formerly occasional rivals in the realm of self-service data preparation, the two companies may not overlap as much as their histories might suggest.

Publicly traded Alteryx continues to expand its platform vision for the support of advanced analytics and machine learning (ML) enablement for a broad array of enterprise personas, but is perhaps still often best known among business users for its capabilities linked to analytics outcomes. Trifacta has also long been known for data prep but has been more focused on cloud compatibility, big data and, most recently, enablement of the data engineering function. In purchasing Trifacta, Alteryx is signaling its intent to accelerate its cloud-native products and delivery in a major way, with the potential to reach additional end-user personas in data engineering and IT.

Snapshot

Acquirer	Alteryx
Target	Trifacta
Subsector	Data management
Deal value	$400m
Date announced	January 6, 2022
Closing date, expected	Q1 2022

Advisers	Goldman Sachs (Alteryx); JPMorgan Chase & Co. (Trifacta)

Source: 451 Research

The Take

451 Research's <u>Voice of the Enterprise: Data & Analytics, Data Management & Analytics 2021</u> survey clearly illustrates two intertwined themes. One is that cloud venues are now an enterprise preference for deployment of analytics products and services, and the other is that the dedicated data engineering function has become mainstream. Data management and analytics vendors that don't cater to these cloud deployment and data engineering preferences are at risk of eventual obsolescence.

Alteryx's acquisition of Trifacta makes good sense for meeting these needs. The buyer has breadth in its analytics and ML enablement platform but in some cases, is still best known for its desktop product popular among business users and analysts. Trifacta brings cloud expertise and reach to a data engineering audience. The challenge will be managing the two companies' technical overlap, particularly around data-prep functions.

Deal details

Alteryx is paying $400m in cash for Trifacta, subject to customary purchase price adjustments, and the transaction is expected to close during the first quarter of 2022. Additionally, Alteryx intends to establish a $75m retention pool to be granted in the form of restricted stock units to former Trifacta employees. Plans are in place for the target's senior management and employees to join and integrate into Alteryx under existing lines of business. This deal is Alteryx's <u>eighth purchase</u>, according <u>451 Research's M&A KnowledgeBase</u>. Trifacta's technology is expected to be deployed as a data engineering back end to Alteryx's existing analytics automation functionality.

Deal rationale

Two main drivers are evident in Alteryx's decision to make this move: expansion of cloud-native and cloud-compatible capabilities, as well as outreach to the dedicated data engineering and IT user persona audience. While Alteryx has long been highly popular among data analysts and business users, Trifacta – in recent history – has catered more toward data engineering and IT roles. In some cases, the two vendors even had joint customers. The overarching idea is that in bringing the products together, Alteryx can provide a highly cloud-enabled platform where individual users of all skillsets can contribute to advanced analytics workflows and machine learning. Low-code, no-code and code-friendly options exist across the platform.

Trifacta notably boosts Alteryx's cloud ambitions. The seller provides a multi-tenant SaaS service with multicloud support and options for multiple regions. In addition to folding in Trifacta's cloud-based architecture, Alteryx plans to release cloud-native versions of existing offerings.

Target profile

Trifacta was founded in 2011 to commercialize academic research and as a longtime data-preparation specialist, over time it became synonymous with the term 'data wrangling,' which it coined. The company largely aimed to alleviate many of the IT-related data delivery bottlenecks common to modern self-service data analytics and consumption models. Even as the self-service data-prep technology sector was gradually absorbed as features in broader platforms, Trifacta remained notable in its emphasis – largely maintaining its status as a specialist.

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In 2019, the company began to expand its purview with an upstream foray into associated data quality functionality and metrics. A larger pivot was made in the spring of 2021 with the introduction of the Trifacta Data Engineering Cloud, which sought to double down on cloud-native architecture and provide an environment where the entire iterative process of connecting, structuring, cleansing, enriching, validating and deploying data in a cloud-oriented data engineering workflow could be supported. The vendor also has a relationship with Google Cloud Platform (GCP) via OEM, with the resultant product branded as Cloud Dataprep by Trifacta.

The firm is based in San Francisco and reported 10,000-plus customers (roughly 500 enterprise accounts) as of fiscal year 2022, when we last wrote about it, including Google Cloud Dataprep deals. Trifacta had about 225 employees in mid-2021.

Acquirer profile

Founded in 1997, Alteryx is perhaps often best known among the business user population for its longstanding desktop-based Alteryx Designer offering, which provides a canvas-like experience for prepping and manipulating data. The company has expanded over time into broader analytics and machine learning enablement, primarily via M&A. Moving beyond data prep, it has printed numerous technology pickups to enhance the scope of its capabilities.

The areas of human collaboration, data catalog and governance, analytics and visualization, ML model management, predictive abilities, and cloud compatibility have all been focuses to broaden Alteryx's platform approach to advanced analytics support. The vendor's current positioning seeks to marry the automation of analytics, ML and data science processes all within a single platform.

Alteryx is headquartered in Irvine, California. The company currently has over 2,000 employees and about 7,200 customers worldwide.

Competition

Alteryx's purchase of Trifacta places an emphasis on data engineering. Key vendors supporting data engineering workflows include Altair, Datameer, DataRobot (especially via its acquired Paxata assets), Immuta and Keboola.

The major data integration and cloud data management providers are also notable here. Cloudera supports both data management as well as ML use cases. Hitachi Vantara has a large footprint in data integration and support for data engineering, with its Lumada and Pentaho brands especially well-known. Informatica is a mainstay in cloud data management and integration – several of its offerings directly support data engineering and associated functions. Additionally, Precisely has longtime expertise in data integration and data integrity. Talend continues to increase the scope of its iPaaS platform.

Analytics and visualization platform specialists – which sometimes partner with Alteryx – occasionally have overlap. Tableau (now owned by Salesforce) has been notably advancing its capabilities around data management and data preparation. Oracle's Analytics Cloud also supports data prep and integration with data management. Qlik famously has inked strategic acquisitions to enhance its analytics platform, including for data management.

Finally, the cloud hyperscalers all have native data integration functions and data engineering support, often in addition to AI- and ML-supporting suites of tools. AWS, GCP and Microsoft Azure are all worth mentioning, despite being cloud deployment options for Trifacta as well.

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