



# LIGHTSPEED VENTURE PARTNERS

## LIGHTSPEED TECH JOURNAL: A VC PERSPECTIVE

An Insider's View into Silicon Valley's Enterprise Startup Scene

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### **The New Normal: Why IT and Marketing need to work together**

One thing systemically changing businesses today is data. While it may seem that many companies have gotten their arms around the complicated data situation, it's as clear as ever that is not the case. Although the marketing department is being tasked with providing a more enriched interaction between businesses and their respective customers, the reality is that they're still orienting themselves to the problem and current solutions.

To help you better understand what marketing is dealing with and why the Information Technology department needs to help, let's set the scene: This year's Gartner's Digital Marketing Conference, provided the opportunity to interact with marketers, chief information officers and industry analysts. One statistic presented in an analyst's presentation was that one-third of marketing's budget today is spent on technology. However, of that 33 percent there's even something more telling – 28 percent of the marketing technology budget is typically allocated to operations.

Here's why: They do not have a choice.

To execute in today's modern marketing environment, practitioners need to have technology at their disposal. Technology is now a cornerstone for the marketing department because CMOs are being pressed to intimately understand their customers, and their respective behaviors, to improve the relationship between the brand and consumer. As you may expect, this means that the MarTech stack is quite complex.

So, what does the marketing technology stack look like? There's two main components:

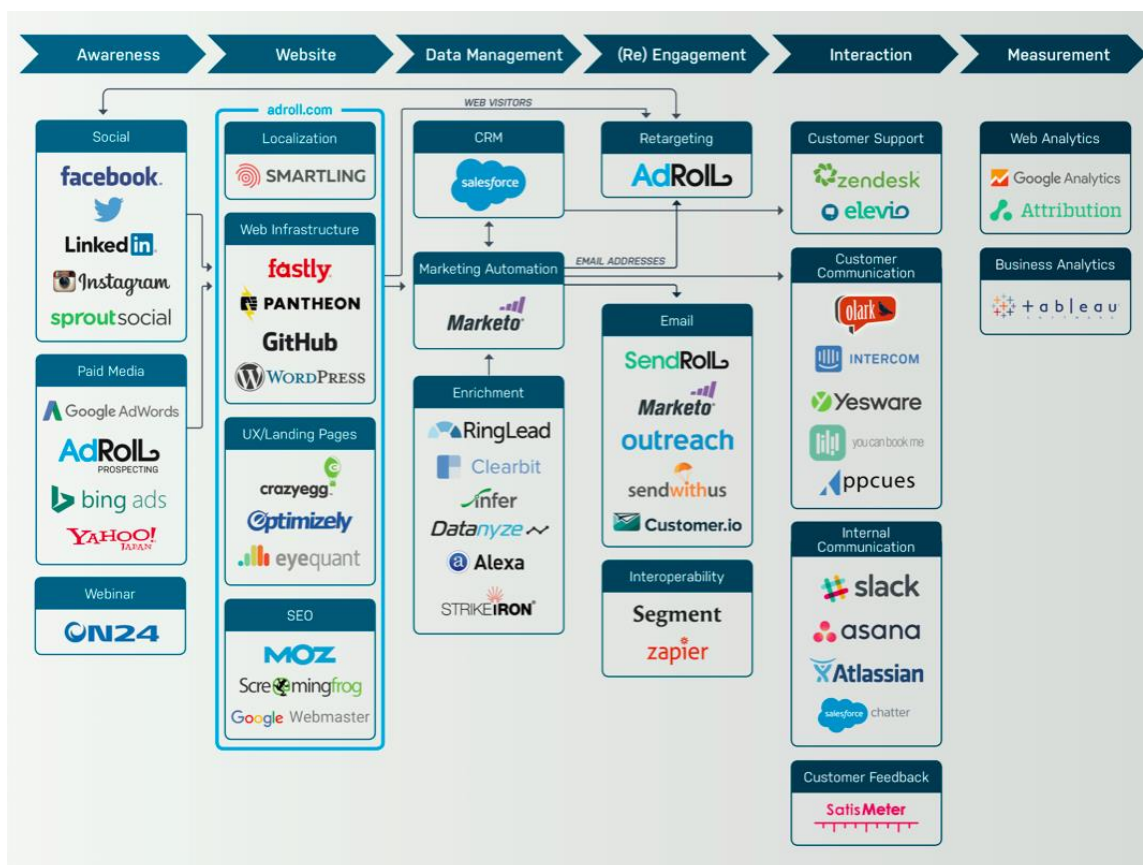
First is the system of record. In order to put together profiles at the individual customer level, this requires that marketing invest in a variety of ways to collect the consumer's information. This can come in form of

customer relationship management (CRM) systems, data management platforms (DMP) and other various marketing automation tools, such as Percolate.

According to the latest Gartner research, the top use cases that businesses are trying to solve relate back to the customer — this includes marketing, sales and customer service initiatives.

The second major component is a bit more complex. That's because in order to take this customer information and put it to use, today's marketer needs a slew of point solutions to execute on marketing's efforts. Because marketers are constantly chasing the best-in-breed product that means the stack continues to grow to fit departmental needs. It's not uncommon to have an enterprise-grade marketing organization leveraging more than 20 systems to carry out their daily tasks.

Below is an example of a marketing technology stack that participated in Scott Brinker's annual Stackies Awards.



There's just one problem. If marketers have upwards of 20 source systems, putting together this information can be difficult — of course this is assuming that the team knows which information it wants to bring together, and can decipher what is simply noise and what is of the utmost importance. While pieces of the stack can be connected natively that does not mean they're connected for data analysis.

This means that in order to get the most out of this information it requires combining these various data points. That way, marketers can understand how they're performing with customers on a micro level. If only it was that easy and today's latest tools could bring together this data.

This is why many of today's marketers rely on impractical solutions such as cramming as much data into

Microsoft Excel spreadsheets as possible. You can only imagine the pain and suffering of manually gathering data points into complex Excel documents. Companies like Datorama are solving this problem for marketers and CIOs. And this is why now, more than ever, today's marketers and IT need to work together.

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## Fireside Chat with a VC: Barry Eggers



Barry is a Founding Partner of Lightspeed and focuses primarily on information technology infrastructure, with a specific interest in big data, cloud, IoT, networking, and storage. He has 18 years of venture capital experience, 10 years of operating experience and has been named to the Forbes Midas List of top 100 investors multiple times.

### **How did you get into venture investing?**

Chris Schaepe was my classmate at the Stanford Business School. After graduation, he went into venture capital and I went to Cisco System. In 1995, I developed Cisco's M&A program and lead three of their first four acquisitions, one of which was a company called Kalpana that Chris was an investor in. We reconnected, and Chris felt that the M&A background would be compelling in a venture capital role. He eventually recruited me to join Weiss Peck and Greer Venture Partners in January 1997.

### **In your opinion, what category of technology will be the most impactful to businesses in the next 3-5 years?**

I'm excited about the potential for data analytics, combined with machine learning, to disrupt large staple industries. Examples include autonomous vehicles, banking, and bioinformatics.

### **What is the most exciting enterprise technology startup in Silicon Valley right now?**

The most exciting enterprise technology startup is the one that is being formed right now in a garage by visionary entrepreneurs.

### **Which of your past investments are you most proud of?**

I've had a number of investments with high return multiples, such as Sirocco Systems, Maker Communications, Calista, Growth Networks, Telogy, and Nimble Storage, so it may surprise you that the investment I'm most proud of, Pliant Technology, only delivered a 4-5X return. The reason I'm proud of it was because Pliant was the very first venture investment in the valuable area of enterprise flash storage. Our early investment in Pliant informed us of the enormous opportunity in Flash storage well ahead of our peers, enabling Lightspeed to place additional early bets in a series of successful platform companies including FusionIO, Nimble Storage, Nutanix, Tintri, and ExtremelIO.

### **If you were not an investor, what would you be doing right now?**

I have a short attention span, so as an investor, I prefer fast-paced decisions, a variety of interesting work, and context switching. If I wasn't an investor, I think I'd want to be a movie producer, a GM of a football team, or a comedy writer.



Datorama's SaaS platform combines data management and machine-learning to give marketers the ability to connect all of their data sources to form a single source of truth for more efficient reporting, better decision-making and total control over their marketing performance



Everstring helps B2B companies identify their best customer prospects through data science and predictive analytics. EverString intelligently scores inbound and existing prospects, and also identifies completely new prospects from outside your funnel



Reflektive is a performance management and real-time feedback platform. It allows employees to give each other continuous feedback, and then aggregates this feedback into a simple and intuitive performance review. The continuous feedback is collected from within the apps employees already use such as email, Slack, Salesforce

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## UPCOMING LIGHTSPEED EVENTS

**Silicon Valley Venture Connect NYC:** We will be hosting our 2<sup>nd</sup> annual Lightspeed-exclusive conference at Four Seasons in Manhattan on **November 10<sup>th</sup>, 2016** from 6-9pm. You can see more details and register here: <https://siliconvalleyventureconnectnyc.splashthat.com/#rsvp>

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## Lightspeed CIO Spotlight: Alan Boehme



Alan Boehme is the CTO & CIO at Coca-Cola. Alan is part of Lightspeed's CIO Innovation Advisory Network. To join the network, please email Saqib at [saqib@lsvp.com](mailto:saqib@lsvp.com)

### What is your philosophy as a CIO?

The role of the CIO is to provide Business Vision, clear hurdles out of the way for the IT team and protect and enhance the corporate culture by applying digital solutions and technology in a manner appropriate for the enterprise.

### How does the IT planning process work at Coca-Cola? How closely tied is it to the business planning process?

The IT planning process is tied both in needs as well as timing to that of integrated business plans. We use standard methodologies such as ZBW to develop budgets required to support the desired business direction.

**What is keeping you awake at night?**

Legacy applications that are not well-positioned to move to the cloud.

**What are your top three initiatives for the next year?**

New HR eco-system based on WorkDay, Improving the Employee Experience, and Leveraging cloud based analytic and machine learning capabilities.

**What are some of the exciting emerging technologies that you think will be applicable to CIOs and their organizations?**

Industrial Focused Augmented Reality technology, Video Analytics capabilities, Social Physics for understanding consumer behavior.

**How would you describe the future role of the CIO?**

Part Business Visionary, Part VC, Part Operator, but most importantly "Digital Change Agent."

**What advice do you have for new or aspiring CIOs?**

Make sure that you have a solid business understanding, the technology is portable across multiple industries but the application of the technology requires in depth business knowledge.