

Adobe to Buy Omniture, Gain Differentiation and Integration

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The acquisition of Omniture would expand the breadth of Adobe's offerings by providing native Web analytics to creative, marketing and technology professionals.

NEWS ANALYSIS

Event

On 15 September 2009, Adobe Systems announced that it has entered into a definitive agreement to acquire publicly held Omniture, which focuses on Web traffic analysis, for \$1.8 billion in cash.

Analysis

Adobe is the market leader in software for creative professionals who work on Flash-based rich content and rich Internet applications (RIAs). Omniture is a market leader in website optimization using a software-as-a-service (SaaS) delivery model.

Omniture has developed proprietary technology for integrating analytics into its customers' Flash applications, and the acquisition will cement this approach as the official standard for embedding analytics within Flash and other Adobe media. Gartner expects Adobe's Flash development and design tools to incorporate analytics components by mid-2010.

Outcomes for Adobe include:

- The addition of native support for analytics during authoring, enabling greater progress toward user-centric application design and monetization of Flash content
- Omniture's extensive operational experience, which will benefit Adobe's existing SaaS initiatives
- Recurring revenue growth from Omniture's successful SaaS model
- Differentiation against Microsoft Silverlight, which competes directly against Flash but does not offer native analytic capabilities

The availability of Omniture capabilities may encourage developers to consider analytics during design, but these capabilities will not satisfy the broader industry need for standards-based universal tagging. Without business model changes, tying Flash and other Adobe Web media products to the proprietary Omniture technology may limit its adoption by the developer community and drive some lower-end Adobe customers to competing technologies.

RECOMMENDATIONS

- **Adobe customers:** Preserve investments in Adobe technology, as this deal will have no negative effect and will eventually allow the integration of proprietary analytics capabilities within Adobe authoring tools.
- **Omniture customers:** Consider this a neutral move in the short term. Over the next 12 to 18 months, closely observe Omniture's support for optimization tools not focused on Flash.
- **Organizations without an analytics culture:** Develop the skills required to make use of the optimization features that will become native in Adobe media. Developers and analysts should enhance their development processes to incorporate empirical data about user behavior at every stage.

Additional research contribution and review: Andrew Frank

RECOMMENDED READING

- "Analytics-Driven Web Content Management Improves Business Results" — Gartner recommends that enterprises use tools for analyzing Web users' behavior to configure the rules that govern Web content management systems. **By Bill Gassman and Mick MacComascaigh**
- "Five Best Practices for Web Analytics Initiatives" — Recent research into what makes leading Internet properties so good exposed five best practices in the use of Web analytics. **By Bill Gassman**

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