



## Impacts of Oracle's Acquisition of Eloqua

**Does the Oracle purchase of Eloqua portend the beginning of a round of consolidation in the digital marketing and ad tech space? The short answer is yes and no.**

It certainly is an important deal from an industry consolidation perspective – moving Oracle into the marketing automation segment in a much larger way than its prior foray into this sector through its acquisition of Market2Lead. It also represents a nice solid valuation touch point for the sector.

However, we would caution that it does not necessarily point to an opening of the floodgates for acquisition activity in the sector as Eloqua is one of a handful of companies in the marketing automation space that is large enough and relevant for large, high-value, buyers like Oracle. Furthermore, with Eloqua now part of Oracle, the number of “consolidators” with the size and public currency necessary to be an active acquirer has been reduced by one.

### Valuation

Oracle paid \$871MM for Eloqua – net of cash, the enterprise value of the purchase is roughly \$810MM. The \$23.50 paid is about a 34% premium to the \$17.50 that Eloqua's share price had been trading around prior to the announcement of the deal.

As such, Oracle paid a nice, though not particularly spectacular, premium to acquire the company. This reflects, in part, the somewhat strong valuation of the Eloqua stock prior to the deal announcement. Nevertheless, this deal is important benchmark for deals in this sector and the multiple of roughly 9x revenues on an enterprise value basis is strong.

### Winners

The biggest winner is likely to be Marketo. With Adobe, IBM, Salesforce and SAP all candidates to make a move in this space, Marketo becomes the “belle of the ball” as the only remaining enterprise B2B play of scale in the group. The other player of scale, HubSpot, will also see a benefit from this, although we suspect its more SMB-oriented offering and interest in going public will make it a second choice for these large enterprise players. Salesforce has invested previously in HubSpot.

### Losers

The most obvious losers will be Oracle's competitors, Adobe, IBM, Salesforce and SAP, which are most likely going to be forced into competing for what remains in the marketing automation sector. We expect that prices will remain strong for remaining assets in the sector.

And while the players beyond marketing automation benefit from the strong multiple and increased acquisition activity, they do suffer a bit from the loss of one of only a handful of players that was in a position to consolidate various point solutions – less competition combined with numerous players in many of the sectors that will “plug-into” these marketing automation platforms may mean lower valuations for these players over the long run – not to mention a more tense M&A market from the sellers perspective.

*With Eloqua off the table, the number of “consolidators” for the adtech space has been reduced by one.*

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