IDC MarketScape: Worldwide Data Clean Room Technology for Advertising and Marketing Use Cases 2023–2024 Vendor Assessment

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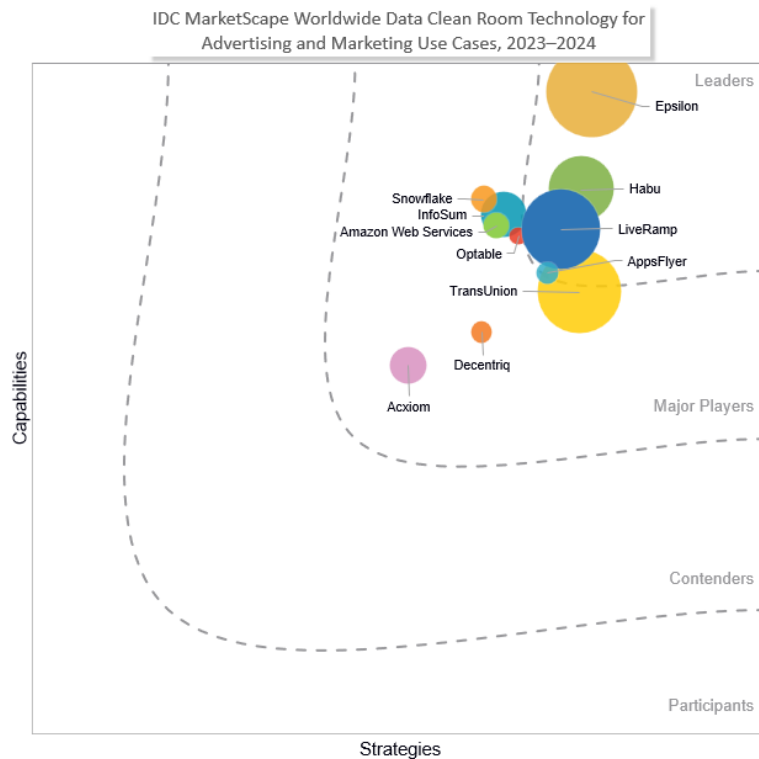
THIS IDC MARKETSCAPE EXCERPT FEATURES LIVERAMP

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Data Clean Room Technology for Advertising and Marketing Use Cases Vendor Assessment

Source: IDC, 2023

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Data Clean Room Technology for Advertising and Marketing Use Cases 2023-2024 Vendor Assessment (Doc#US51047323). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Data clean rooms mean many different things to many different people. The concept – that there should be a privacy-protected environment where multiple parties in the advertising, marketing, and customer experience realm can come together to safely collaborate with their customers and property-derived data – is not new. What is new is:

- The burning platform – prior ways of identifying web, app, phone, and physical traffic that are being replaced
- Replacement of trusted intermediary with trusted technology solution
- Utilizing technology to replace a trust-but-verify audit motion when it comes to the use of personally identifiable or sensitive data

Enterprises want to engage in data sharing but need special technologies to protect privacy and trade secrets and ensure trust between parties. Data clean rooms allow collaboration and matching of data while preserving privacy and ownership. They can de-risk the practice of data collaboration and exposure of customer information or trade secrets and permit insights not previously possible.

The most mature set of use cases for this relatively new technology addresses common consumer data transformation and analytics, including data enrichment, audience creation, activation, and measurement. To maintain privacy of both the individual consumer data and each enterprise's knowledge assets, the solutions need to address the data collaboration life cycle, from making the data accessible to the data clean room environment to quality checks and transformation, through queries and analysis and ultimately purging of this data where it has been retained.

Because none of the collaborating parties have full visibility to the data, it can be very challenging to ensure that the data being contributed is of high quality and consistency. Variation in formats, definitions, and choices in how to match the data sets on a common identifier can make results unreliable and undermine the value that is to be gained by collaboration.

Data clean room technologies add to the technology portfolio without necessarily taking something away, so buyers are trying to minimize the amount of data duplication and movement that is necessary for data collaboration. The setup requires expertise in data privacy, security, and data analytics, so organizations without the necessary expertise may struggle on the technical side to get the proper data governance in place to avoid confusion, data misuse, and/or disputes. These can be avoided with planning on the part of the buyer because once the guidance exists, the rules can be built into the collaboration agreements within the software.

The methods for maintaining privacy and security vary across the landscape today. There's currently variance in the need or ability to replicate data, where the data is housed, how queries are constructed and monitored, and what types of outputs can be distributed. However, all of these technologies allow collaboration with control.

Whether in a simple partnership between two entities or a wide-ranging industry ecosystem, a data clean room technology can be deployed to allow data to be used for shared – or unique – insights where each party involved has control over what data is accessed, who can access the data, and how that data can be used.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

To be considered a data clean room technology in IDC's study, the technology needs to facilitate the combining of multiple parties' private data and may include the option to add third-party external data. The solution needs to be a technology solution rather than services provided by an agency or other third party.

Vendors that qualify for inclusion in this IDC MarketScape must meet the following criteria:

- Has data clean room technology available to the public as of 4Q23 (not private preview)
- Allows data collaboration for two or more parties while preserving aspects of privacy of the data and/or algorithms contributed by the parties
- Does *not* require users to purchase specific hardware for privacy functions (may offer this as an option)
- Does *not* require users to encrypt data prior to making it accessible to the data clean room technology (may offer this as an option)
- Has a standalone data clean room – in cases where vendors offer a customer data platform (CDP), customer relationship management (CRM) solution, or a similar solution (It must be possible to buy or license the data clean room without buying or licensing a particular CDP or CRM system.)
- Is *not* a data clean room space, where one entity is offering data clean room function but only with its private data

ADVICE FOR TECHNOLOGY BUYERS

Data clean room technologies are a relatively new component in many enterprises' advertising, marketing, and data analytics technology portfolios. They represent an opportunity to create better data-informed processes and a new frontier for collaboration in the advertising and marketing ecosystem in a way that can better serve customers.

Vendors included in this study range from start-ups to some that have been in business for decades. However, all of the data clean room technologies have existed in their current form for little more than five years. Each vendor and product have unique origins based on vendor legacy, regardless of the vendor being a market incumbent or a young company.

To ensure the best fit, prospective buyers should start with assessing both their specific business and technical operating environments and objectives. Regulatory as well as enterprise ethical guidance on the approach to privacy and confidentiality should also be assessed in this phase. Solutions in this study include tailoring to advertising and marketing use cases and some other features that can help buyers move quickly from installation to value realization. Specific criteria might come from the

detailed criteria in IDC's analysis shown in Tables 1 and 2 in the Strategies and Capabilities Criteria section of the Appendix.

Unique dynamics of the market today that should inform technology buyers include:

- **Data clean room technologies are in a period of rapid enhancement.** Most of the technologies covered in this study are releasing enhancements each month. It is important to evaluate the technologies available at the time your enterprise is ready and not rely too much on prior evaluations.

- **Collaboration and partnership are central to success.** This is not just with the planned data collaborators; it extends to the technology vendor team as well. IDC asked current buyers of data clean room technology how well the vendor's vision fit with their own and how much of the technology road map is being built out by the vendor suggesting new functionality versus the technology buyer approaching the vendor with needs. Customers do not always need to be led, but they do need to be listened to.

- **Marketers and data scientists may use a clean room differently.** For marketers or other less technical roles, it can be helpful to have a library where they can choose from prebuilt analytical models. On the other hand, data scientists as users can call for more sophisticated and complex analytical capabilities. Not all data clean room technologies offer both, and they are not generally honed to the same degree. It will be important to select a solution that matches your enterprise's target audiences.

- **Non-technological issues should not be underestimated.** Both vendors and end users told IDC that the factors that extended the time frame from selection to first proof-of-concept deployment centered around concerns from legal departments and business partners and getting agreement in place between the focus customer (orchestrator of the collaboration) and the other data contributors. All the technologies were relatively simple to get installed; it was the rules, agreements, and human change management that took up the bulk of the timeline.

- **Technical and specific use case needs are not a popularity contest.** While being listed in the Leaders category or gaining significant market traction might suggest superiority across the board, "long tail" vendors may offer niche capabilities targeted to your specific needs. Don't exclude (or include) a vendor just because it is not in the uppermost right position of the chart (or used by most companies in the market). However, if your planned data collaborators are already using a data clean room technology (or multiple technologies), it will be a higher threshold to get them to consider an additional data clean room technology.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

LiveRamp

LiveRamp is positioned as a Leader in this 2023–2024 IDC MarketScape for data clean room technology for advertising and marketing use cases.

LiveRamp has been offering its data clean room technology in some form since 2017 – at one point, under the name Safe Haven but now within the LiveRamp Data Collaboration Platform. The company has two patents for its data clean room technology.

LiveRamp has a proprietary identifier, RampID, which is widely used across the advertising and marketing ecosystem. RampID is prebuilt into the data clean room. The technology can be used with other identifiers or methods of matching key columns of data if that is what the collaborators wish to do. The company also has proprietary data products and provides access to many more third-party data sets.

LiveRamp's Data Collaboration Platform is a cloud-based solution utilizing data that is replicated to the cloud or is already cloud based. Data can be pseudonymized or hashed, but the tool does not currently support noise injection or creation of synthetic data. The technology includes no-code methods for adding data connections. Customers can deploy the technology on the cloud provider of their choice.

Custom queries can be built from SQL and a low-code interface, and the solution includes query libraries of common use cases. LiveRamp's platform offers connections to popular business intelligence tools for visualizations as well.

LiveRamp participates in a wide variety of industry leadership activities, including sponsored research and supporting trade associations.

Quick facts about LiveRamp include:

- **Financial structure:** LiveRamp, a public company traded on the New York Stock Exchange
- **Top use cases/industries:** Audience analysis and activation and B2C customer records
- **Pricing:** Subscription with unlimited users/processors/usage (*no* variable component); subscription with per-user variable; subscription with per-server/processor/instance variable; pay-as-you-go consumption priced with a per-product usage (e.g., each data transformation)

Strengths

- Available across AWS, Azure, Google Cloud, Databricks, and Snowflake
- Broad access to third-party data sources and high number of data connections
- LiveRamp having an extensive global network of partners in most regions except for China and including retail media networks, TV, social, audio, and walled gardens

Challenges

- Scaling requires technical resources.
- Generative AI is farther out in the development plans relative to other platforms.

Consider LiveRamp When

LiveRamp is suitable for enterprises working in any cloud environment, and data collaboration can occur across clouds in their solution. When examining use cases that include enrichment or activation, LiveRamp has a very long list of established partnerships. Its federated approach to data can work even if collaborators are using different cloud and data warehouse technologies.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Enterprises want to engage in data sharing but need special technologies to protect privacy and trade secrets and ensure trust between parties. Data clean rooms allow collaboration and matching of data while preserving privacy and ownership. They can de-risk the practice of data collaboration and exposure of customer information or trade secrets and permit insights not previously possible.

To be considered a data clean room technology in IDC's study, the technology needs to facilitate the combining of multiple parties' private data and may include the option to add third-party external data.

LEARN MORE

Related Research

- *IDC FutureScape: Worldwide Future of Enterprise Intelligence 2024 Predictions* (IDC #US51293423, October 2023)
- *Market Analysis Perspective: Worldwide CX Services, 2023* (IDC #US49772123, September 2023)
- *Shift Toward External Data: Collaboration Is the Name of the Game* (IDC #US5058322, April 2023)
- *Going Beyond 1:1 — The Case for Sharing Data in Industry Ecosystems* (IDC #US50504323, March 2023)
- *IDC TechBrief: Data Clean Rooms for Shared Data and Insight* (IDC #US49486822, October 2022)

- *Data Clean Rooms: All Talk or Some Action?* (IDC #US49673722, September 2022)

Synopsis

This IDC study evaluates data clean room technologies for advertising and marketing use cases. Data clean room technologies help protect the privacy of consumers and safeguard holders of first-party data. The promise is that enterprises can share and collaborate on data in a privacy-preserving way that can still provide insight and guide activities. This software systematizes and subsumes prior services of data sharing from a practice that relies solely on trust, checking behavior against contracts and agreements to a solution that can facilitate simple and complex arrangements in a privacy-preserving manner technologically.

"Data clean rooms technologies provide important capabilities, not available with the simple exchange of data, that enterprises require to create shared data and insight across the advertising and marketing process ecosystem," said Lynne Schneider, research director of Data as a Service and Data Marketplaces at IDC. "In the face of increasing privacy regulation, technological changes, and consumer scrutiny, these solutions are moving from 'nice to have' to mission critical for brands, advertisers, and publishers. The value of a simple-to-use and adaptable data clean room technology has become apparent as major fixtures of the earlier online tracking and monitoring landscape are being decommissioned."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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