



Lithium and Spredfast Merger Will Create Conversational Engagement Management Across Social and Communities

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IDC's Quick Take

Lithium Technologies LLC and Spredfast Inc. [announced their agreement](#) to merge to create a new digital customer engagement company. This will enable brands to use a single platform to manage and measure a company's owned brand channels, including communities and social media. The company will be privately held by Vista Equity Partners, which acquired Lithium in June 2017 (see *Lithium Technologies to Be Acquired by Vista Equity Partners*, IDC #IcUS42766717, June 2017). Pete Hess of Lithium will be the new CEO. Terms were not disclosed.

M&A Announcement Highlights

The highlights of this announcement are as follows:

The combination of Lithium and Spredfast will create a single platform to connect with, manage, and interact with all of a company's owned brand channels, including brand communities and social media. This will enable analytics and deep insights across the entire customer journey.

Vista Equity Partners, which acquired Lithium in June 2017, will own the new private company created from the merger (see *Lithium Technologies to Be Acquired by Vista Equity Partners*, IDC #IcUS42766717, June 2017).

The combined company will be led by Pete Hess as CEO. Hess is the Lithium CEO and a senior partner with Vista Equity Partners. Spredfast Chairman and CEO Rod Favaron will work closely with the management team to help ensure a smooth and successful transition. The combined company will be headquartered in San Francisco, California, and the company's largest office will be in Austin, Texas.

The transaction is subject to customary closing conditions. Terms of the transaction have not been disclosed.

With a combined customer base of more than 2,000 brands spanning 100 countries, Lithium and Spredfast together manage over 500 million consumer touch points every day across social media, messaging, and owned digital channels. Together, the combined platform will enable businesses to engage with their customers in the customer's preferred channels across the entire customer journey, giving brands the ability to generate and retain more profitable revenue.

"Brands focus on improving the trust they earn with their customers," said Hess on his [blog post](#). "Their success depends on world-class digital engagement, and the merger of Lithium and Spredfast will provide them with the best platform to earn that trust and help grow their business."

"This is a great day for Spredfast. We can't wait to come together with the Lithium team to create the industry's most innovative and robust suite on the market," said Favaron. "No other company will offer

the unparalleled industry and technology expertise to reimagine how businesses think about customer engagement."

"We are thrilled to welcome Spredfast to our portfolio of high-performing software companies," said Alan Cline, principal at Vista Equity Partners. "We see an incredible opportunity to unify consumer engagement in the highly fractured marketing and care industries, bringing together the power of two best-of-breed offerings into a game-changing platform for growth."

IDC's Point of View

This merger promises to make it easier for enterprises to manage and measure conversational relationships with customers and partners across social and online communities. This is a growing area of importance that requires C-suite attention. Both companies have demonstrated continued revenue growth. This merger should be viewed as creating new complementary opportunities for the companies and a much-needed consolidated toolset for their customers.

This is a good fit on several different levels. The cultures between the two companies are similar and complementary. Productwise, Lithium has a popular communities product used by a number of global brands. This was enhanced with the acquisition of Jive-x, enabling accelerated feature development — especially by leveraging APIs (see *Jive Sells External Jive-x Solution to Lithium*, IDC #lcUS43014717, August 2017). While Lithium added a social media management offering and integrated it into its community dashboard creating a unique market advantage, Spredfast offered great depth in the social media management offering and was accelerating the pace of development. Recent growth added additional global brands to their user base.

Together, this is a very promising match that will create significant value for their customers. This brings into question the long-term viability of providers in the individual markets, especially for social applications. How many suppliers can be supported with increasingly commoditized functionality — much of which is controlled by what the social platforms will permit vendors to use? Community software applications and social media applications have traditionally inhabited different functional areas of the organization. Enterprises need to learn to cross silos to leverage all available data points to best service the company across its journey, which now includes potential advocacy or disruption.

The interesting question is with Vista Equity Partners and what its endgame may be as its varied acquisitions create an interesting quilt of technologies that may soon be able to take on some much larger, well-established tech companies.

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