

EQUINIX CUSTOMER SUCCESS STORY

MARKETO

SAAS PROVIDER

Innovative marketing automation software leader raises profit margins and increases end-user application performance more than 20% after moving its SaaS infrastructure to Equinix data centers

“Marketo’s executive team views our data center strategy not just as a technical achievement, but also as a key contributor to achieve gross margin growth for the business.”

Nick Bonfiglio, Vice President of Operations and Privacy, Marketo

Overview

Marketing software provider Marketo has grown rapidly during its first seven years in business. But the bigger the company grew, the more it needed to break free from its relatively inflexible and expensive managed hosting environment. Marketo wanted a data center platform that could serve more customers and deliver more services without adding costs. So, Marketo brought its data center operations in-house and set up software as a service (SaaS) delivery from two Equinix locations. This distributed data center strategy culminated in a highly efficient technology platform that Marketo has leveraged to expand its services and subscriber base with unprecedented ease and speed — all without raising costs. One year after deploying within Equinix, Marketo increased its gross margins on subscriptions and services 19%. It also accelerated the speed of massive data transfers and improved end-user application performance by more than 20%.

Business Challenge

Like many SaaS providers, Marketo initially outsourced its computing infrastructure to a managed hosting firm. The company rented dedicated servers from the hosting provider, which took care of data center operations while Marketo established itself in the market. But when Marketo started facilitating billions of marketing interactions monthly, it began experiencing limitations in its managed hosting platform. Although managed hosting still seemed ideal for entering new markets, Marketo needed a more efficient way to accommodate subscriber growth and service enhancements in established markets.

Marketo considered building its own data center facilities, but rejected the idea as too expensive, especially considering a single facility would not be able to provide the redundancy and high reliability that Marketo required. Instead, the company decided to distribute its SaaS infrastructure across multiple sites to reduce the risk of service disruption to its customers. This multi-site strategy also would help Marketo customers comply with country-specific privacy and data residency regulations.

Solution

As Marketo began looking for colocation companies to provide reliable data center services in multiple locations, Equinix quickly emerged as a top choice.



Customer Profile

Marketo is the leading provider of marketing automation software. The company has built a customer engagement platform that helps subscribers identify prospective customers and then build, sustain and grow relationships with those customers across a variety of channels, including the Web, email, social media, mobile devices and virtual and in-person events. Marketo has also built an industry-leading partner program called LaunchPoint with 250 solutions, which allows partners and third parties to plug into Marketo’s customer base of 3,000 companies.

Marketo.com



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"I knew we were going to be scaling to global locations," Bonfiglio said. "We needed a data center partner that's in a lot of places we're going to be in." Equinix offers the most destinations of any data center provider, with facilities in 40 top business markets on five continents.

Bonfiglio also found that the Equinix name really mattered. Not only were Marketo customers familiar with Equinix's reputation, they trusted the company. "Everyone who cares about data center reliability knows about Equinix," Bonfiglio said. "Having a good brand with good security best practices and state-of-the-art data centers was a key part of the message we wanted to convey to our customers. The Equinix name has a lot of credibility."

Marketo deployed its computing infrastructure in two Equinix locations: SV5 in Silicon Valley and DC11 in Ashburn, Va., near Washington, D.C. With this multi-site implementation, Marketo gained unprecedented control over its data center operations, which empowered the company to optimize its technologies and processes. This high degree of control and customization helped Marketo achieve industry-leading data center productivity and efficiency that boosted not just application performance, but also the bottom line.

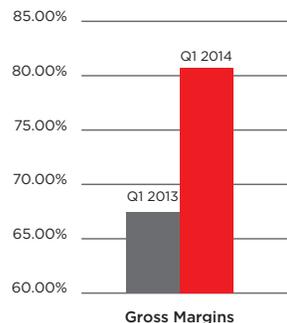
Our Equinix Smart Hands™ technicians helped Marketo get its computing infrastructure in place and connected to multiple communications networks. Plus, the thousands of network, cloud and managed IT service providers inside Equinix guarantees Marketo the ability to adapt its use of service providers as its business needs change.

Benefits and Business Results

- Marketo's distributed data center strategy in Equinix helped spur 19% year-over-year increase in gross margins for subscriptions and services
- More than 20% improvement in end-user application experience
- Transfer times for 2+ petabytes of data slashed from multiple days to a single day
- Marketo gains unparalleled flexibility for future expansion with Equinix's locations in 40 markets worldwide

Marketo sends more than one billion emails and processes 10 times that many marketing transactions every month. The company's new data center infrastructure can easily scale to accommodate faster subscriber growth and deliver more content without increasing costs. End-user application performance is up more than 20%. Massive data sets that used to take days to transmit are now replicated in a single day. Finally, gross margins on subscriptions and services have shot up, from 67.5% in the first quarter of 2013 to 80.5% in Q1 this year.

Marketo's Data Center Strategy Produces Big Gains



More than 20%

application performance boost after distributing SaaS infrastructure in Equinix

2 petabytes

replicated in one day vs. many days

Marketo Chief Executive Officer Phil Fernandez and Chief Financial Officer Fred Ball have both publicly credited their company's data center strategy for the increase in gross margins. "This project has already yielded some great benefits for our customers and was a key contributor to how we improved our gross margins for subscription and service," Fernandez said during Marketo's fourth-quarter earnings call in 2013. "This two-year effort was completed basically flawlessly and was truly a tour de force by our amazing operations team."

About Equinix

Equinix, Inc. (Nasdaq: EQIX) connects the world's leading businesses to their customers, employees and partners inside the most interconnected data centers. In 40 markets across five continents, Equinix is where companies come together to realize new opportunities and accelerate their business, IT and cloud strategies. In a digital economy where enterprise business models are increasingly interdependent, interconnection is essential to success. Equinix operates the only global interconnection platform, sparking new opportunities that are only possible when companies come together.

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