Flexera Acquires Revulytics for Its Usage and Compliance Intelligence Capabilities

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IDC's Quick Take

Flexera's acquisition of Revulytics is very complementary — Flexera was looking to enhance its usage and compliance intelligence features, and Revulytics needed better entitlement features and customer/partner scale. This acquisition adds significant depth to Flexera's analytics and data visualization capabilities to deliver actionable insights for product and compliance teams, reducing churn and shrinkage and enabling the consumption business model.

M&A Announcement Highlights

On February 5, 2020, Flexera acquired Revulytics, a private company based in Waltham, Massachusetts, and established in 2006. Revulytics is a software company that provides usage tracking technologies for software companies to track customer usage, license compliance, and piracy, which has enabled their customers to find $2.8 billion in lost revenue over 10 years (2010–2020). It currently has over 100 customers that serve over 1,000 products across 80 million installations.

Revulytics offers these capabilities in two core solutions: Compliance Intelligence and Usage Intelligence. Flexera intends to integrate these capabilities into its software monetization platform that controls entitlements and licensing of on-premises, SaaS, and IoT software products.

One of the compelling forward-looking reasons for this acquisition is to provide better tools and analytics to unlock the insights stored in the sea of usage, entitlement, and licensing data that can drive better product and pricing decisions. Flexera has over 3,000 monetization customers, and many are along their journey for offering both an on-premises and a SaaS offering of their product and having clear usage insights can help them make better decisions.

Likewise, revenue leakage from overuse and piracy is still a big problem for software companies. The acquisition provides them with a multi-layered solution built of licensing and compliance intelligence that helps suppliers recover lost revenue and contributes directly to their top-line and bottom-line growth.

IDC's Point of View

Understanding product usage has always been highly sought-after information for the product and marketing manager, but until recently, it's been a nice-to-have because of the added complexity of building and supporting your own telemetry and analytics systems. Usage intelligence is becoming a hot topic now that purpose-built SaaS-based applications can make it easy to gather, analyze, and act on this data.

Out of the 1,000+ software companies that IDC tracks product-level revenue, 80% of the companies receive revenue from on-premises products, 61% from SaaS, and 42% from both on-premises and SaaS

offerings (hybrid). The hybrid percentage is slowly rising as software companies transition their customers to cloud-based products.

Therefore, applications that can easily manage entitlements/licenses and analyze usage/compliance across on-premises and SaaS have an advantage to enable the coveted "single view" of the customer across a software company's portfolio. This intelligence enables a software company to identify value metrics in an application (e.g., features customer value) so that offerings can be bundled and priced with more precision. For example, this enables a company to tune the features in their bundle for the target audience or enable the consumption business model much easier.

IDC has been impressed with Revulytics' analytics capabilities (including its Sankey-styled journey maps, which are quite impressive) and in-app messaging features. We look forward to seeing how this "better together" story delights Flexera's customers.

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