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Smartsheet projects a confident vision of a dynamic work platform

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The company recently held its annual Engage conference, announcing a slew of new capabilities including new no-code process automation and apps builders, collaboration enhancements, and additions to its admin and management capabilities. Along with relatable messaging, it made a confident assertion of the potential for a dynamic work platform as a mainstay in day-to-day knowledge work.

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Introduction

Smartsheet held its annual Engage conference virtually in October, with the work management vendor announcing some new product capabilities that we will detail in this report. CEO Mark Mader, CMO Anna Griffin and CPO Gene Farrell led the general sessions with a confident vision of a dynamic platform sitting between other business systems designed to convert employees' ideas into custom configurations, apps, workflows and other automations.

The pitch was buoyed by relatable messaging that Griffin has led since becoming the company's first-ever CMO last year. In particular, the assertion that a work management platform needs to be common currency for the average knowledge worker's day-to-day was especially coherent and convincing, and signaled the company's ambition. This reflects a category that is gaining confidence in making its challenge to the authoring and communication tools that have kept daily knowledge work in a stranglehold for many years.

451 TAKE

Smartsheet made the bold assertion during its Engage conference that work management tools could be common currency in the average knowledge worker's day-to-day, in as little as three to five years. There is sound logic in this view, even if the timeline is difficult to substantiate. One of the reasons the company believes this might play out is because its platform is designed to solve what it called the 'app trap.' At 451 Research, we see this as the foundational problem with workforce productivity today – the reactionary adoption within businesses of niche SaaS apps to address niche needs, and the pervasive silos and friction that result. The most notable announcements it made to address this were Bridge and WorkApps – its new no-code workflow automation and app builders. Along with some collaboration feature enhancements, this makes more realistic Smartsheet's claim to be an organization-wide platform for work, and advances its attempts to category-create in the productivity and collaboration space.

Context

Smartsheet held its fourth annual Engage conference in early October. It comes almost exactly a month after the company released its Q2 fiscal year 2021 results, where it posted solid quarterly revenue up 41% year-on-year to \$91.2m. Although its average ACV is \$4,156, representing the long tail it built up through a land-and-expand approach, it reported 78% growth in the number of customers paying over \$50,000, with that cohort now 41% of its total ARR. This comes off the back of significant investment the company has made in its offerings and enterprise-scale capabilities over the past few years.

Smartsheet also called out adding 500,000 new users in its Q2 FY 2021 – the largest sequential increase in the company's previous eight quarters, which may be a bounce from the increased spending on collaboration and productivity tools, reflected in our recent surveys as businesses tool their newly remote workforces. A month prior to the conference, the company acquired digital asset management tool Brandfolder, which it talked about at Engage in the context of building out its offering for marketers. It also announced new capabilities for collaboration, workflow automation, document generation, no-code apps and enterprise scale.

Collaboration

In terms of collaboration, Smartsheet announced enhancements to its dashboards, reports and resource management capabilities. Dashboards gets a new look with menus more consistent with its core Sheets format to improve navigation and discoverability, changes that should support project management, which is one of its common use cases.

Reports gets a new drag-and-drop builder with improved visibility into sheets and columns, new filter options, and grouping and summary capabilities. It will also be releasing card view reports. Users can now access its 10,000ft resource management capabilities from a panel embedded within a sheet, to connect project plans in Smartsheet and resource plans in 10,000ft, as well as what it calls baselines – fixed reference points so users can better view performance variances against plans.

Workflow automation and no-code apps

One of the most impactful announcements was around Bridge, its new no-code, cross-platform workflow automation engine that is designed to support the growing amount of budget, and focus on process automation at the edge of the workforce beyond IT. Bridge is intended to complement its existing connectors, syncing with other applications but also able to apply business logic to enable more valuable kinds of workflows where data is exchanged across those applications.

Introduced in July, Bridge is now generally available for all customers. A couple of use examples the company gave during the conference included automating the transfer of completed marketing assets to a DAM, or pushing qualified leads from Marketo loyalty programs into a CRM. For IT, it could be automating the provisioning of new hires' accounts, or syncing groups from Active Directory to Smartsheet.

Smartsheet also announced a new premium no-code platform offering called WorkApps that will launch in January, whereby users can bring sheets, forms, reports, dashboards and even external content like Google docs together into web and mobile applications. These can support custom roles with tailored views and permissions, without having to give users access to the underlying artifacts like sheets. Logos and branding can be customized, and apps can be published in the WorkApps gallery.

Other new automation features include auto date-stamping milestones to measure and compare team performance, a new feature to auto-assign work to team members, and link-free notifications for updates and reminders. New column formulas allow cell formulas to apply to entire columns to ensure consistency.

Marketing work management

Smartsheet, along with several other of the leading work management vendors, has made a strong push for marketing use cases in recent years. CMO Griffin pointed to the evolving role of marketers – from being the solo creators of content to editors-in-chief, as other parts of the business produce and distribute their own content: sales running social campaigns, R&D teasing new product experiences in-app, product marketers blogging and podcasting. For marketers, this shifts the focus to program management, agile workflow automation, compliance and measurement across those diverse efforts.

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The company launched the first version of its content collaboration capabilities – proofing, version control and approvals – at its Engage conference last year. It integrated with Adobe’s Creative Cloud so creatives can build in Adobe but manage workflows in Smartsheet. Beyond marketers, legal, procurement and other functional areas also require content-centric workflow capabilities. Smartsheet has added more support for different document types, advanced and mobile annotation and markup, and proofing for video content. In order to better support this organization, distribution and measurement of content, it acquired the Brandfolder DAM, which gives Smartsheet users a way to store, share and track digital content.

Enterprise-grade capabilities

Smartsheet also used the conference to bring attention to enhancements to its enterprise-grade capabilities. New bulk user import and updates, and user merge features, have been added to its Admin Center, which it launched in May, along with the ability to manage first-party apps. It has also expanded governance with policy templates including a data retention policy to automatically flag aging and unused docs, along with a data sharing and export policy template. A new enterprise plan manager allows admins to manage their different plans without having to consolidate them.

Other general announcements made during Engage included Document Builder for the creation of custom PDFs using sheet data organized into a template, and several enhancements to its Community, with new virtual User Groups, a program to encourage students at US colleges, universities and technical schools to request free licenses, and Smartsheet University for bringing together instructor-led and on-demand training and certification with the goal of building smartsheet-capable teams.

Competition

The main announcements Smartsheet made at Engage were about strengthening its ability to provide for new, more strategic and more specific kinds of work scenarios. With that, it signaled the potential for new competitive fronts to emerge. Its no-code process automation and app builders move it closer to other pure-play workflow automation tools, and its August acquisition of Brandfolder doubles down on its marketing product chops, pushing it that bit further toward vendors that specialize in that space.

Its main competition is still other work management vendors, but as Smartsheet and those other vendors expand the horizons of this category, the competitive landscape will inevitably widen. The authoring tools in the big suites don’t have to worry just yet, but they should keep an eye on this new paradigm for work that Smartsheet and its peers are pushing.

SWOT Analysis

STRENGTHS

Some heavyweight new announcements further advanced Smartsheet's claim to be an enterprise-wide platform. The company projected a confident vision, where product and messaging synergized, as something of a gauntlet thrown down to other productivity tools.

WEAKNESSES

Partly a weakness, but maybe more of a challenge over the coming years, is Smartsheet's need to double down on its narrative of how work management can become mainstream as one of the key, day-to-day destinations for work – pervasive across all employee types. It's made a good start, but that vision is itself evolving independent of Smartsheet. Pervasive utility is evolving to encompass more of a direct connection between strategic goals and local team execution at the workforce edge. Others have pitched OKRs as a way to unify those two things – and whether it's that or something else, Smartsheet needs to mature its vision.

OPPORTUNITIES

The company needs to quickly identify and advertise the different ways its customers use its new no-code process automation and apps builders to energize its community and drive momentum. They are ultimately more important than its reach into marketing work management to prove the value of its platform, and substantiate the messaging around employee empowerment that it's put so much weight behind, and that is so central to its efforts to category-create.

THREATS

Part of Smartsheet's challenge has always been its expansive flexibility – there are lots of ways to use it and lots of ways to do the same thing. It has needed capabilities like Bridge and WorkApps to anchor its platform, give it a center of gravity, and so a lot depends on its customers enthusiastically embracing those capabilities. If they flop, it'll damage the company's ability to claim it is truly enterprise-grade.