



EQUITY RESEARCH

UPDATED

04/18/2023

Drift

TEAM

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Drift

Chatbot and live chat tool for sales and marketing teams to engage website visitors

#b2b #conversational-marketing #marketing-automation

[Visit Website](#)

REVENUE

\$100,000,000
[2021](#)

VALUATION

\$1,000,000,000
[2022](#)

GROWTH RATE (Y/Y)

35%
[2022](#)

FUNDING

\$107,000,000
[2022](#)

Details

HEADQUARTERS

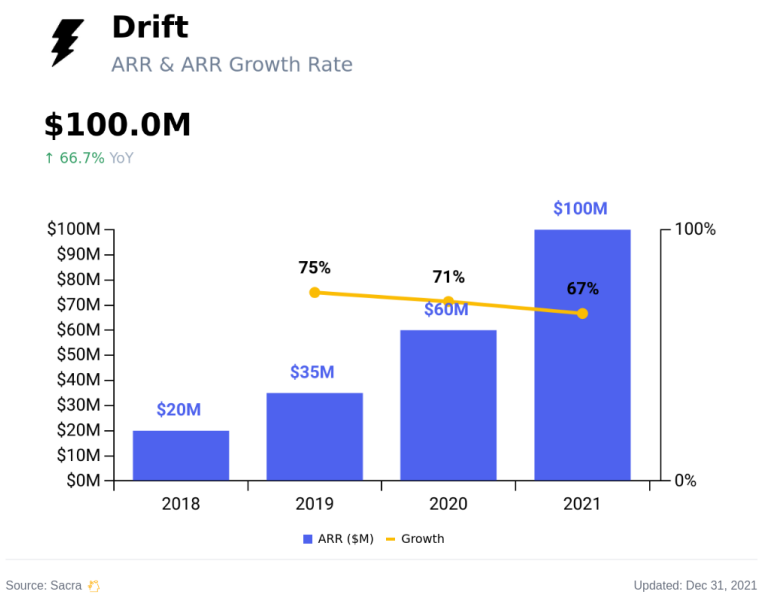
Boston, MA

CEO

Scott Ernst



Revenue



Sacra estimates that Drift hit \$135M in annual recurring revenue (ARR) at the end of 2022, up 35% from \$100M at the end of 2021.

Drift serves 5,000+ customers, including Gong, Okta, Zenefits, Outreach, and Pluralsight.

Business Model

PREMIUM
FOR SMALL BUSINESSES
The right amount of conversational firepower to keep your business growing.

Starting at
\$2,500/month
billed annually

[Get More Details](#)

Key Features Include:

- Live Chat
- Meetings
- Custom Chatbots
- Intel
- Real-Time Notifications
- Conversational Landing Pages

ADVANCED
Engage your audiences with personalized messages and grow qualified pipeline with less effort.

Let's Chat

[Get More Details](#)

Everything in Premium, plus:

- Fastlane
- Audiences
- A/B Testing
- Flex Routing

ENTERPRISE
Scale your personalization and pipeline generation efforts across the full customer lifecycle.

Custom

[Get More Details](#)

Custom with access to:

- Workspaces
- AI-Powered Chatbots
- Custom RBAC

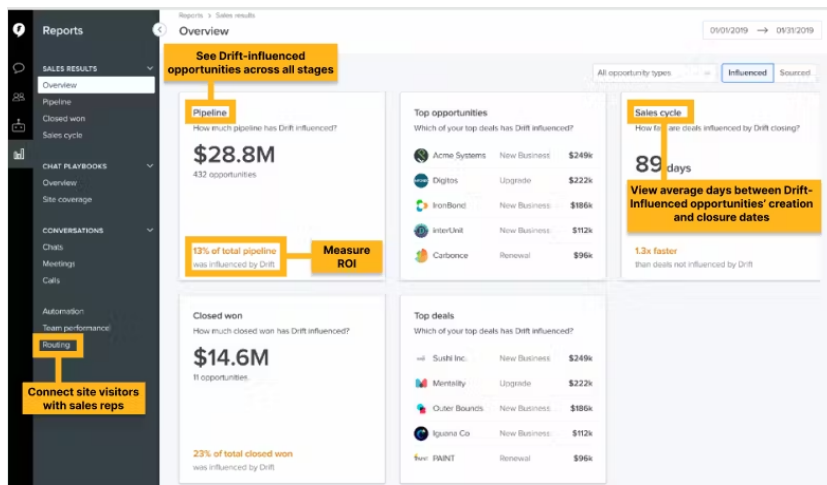
Drift charges for access to its conversational marketing and sales platform on a subscription basis.

Drift was originally a fast-follower of Intercom, which kicked off the ‘conversational commerce’ market. Eventually, Intercom moved from a explicitly startup-friendly model to a more opaque pricing model designed to help them grow upmarket that charges the average team \$731 per month. Companies like Hubspot and Drift fast followed on features and ate up the conversational commerce market.

Drift’s packages now start at \$2,500 per month (they removed their previously entry-level \$40 per month package in 2022); users are billed annually. That puts Drift out of reach for early-stage startups which are now more likely to start with a product like Intercom, which offers a starter plan that begins at \$74 per/mo for startups.

Today, Drift has three core packages: Premium, Advanced, and Enterprise. Every package has a seat limit; additional seats cost a monthly supplemental fee. The company does offer a free trial, but it only comprises basic features like live chat and calendar bookings.

Product

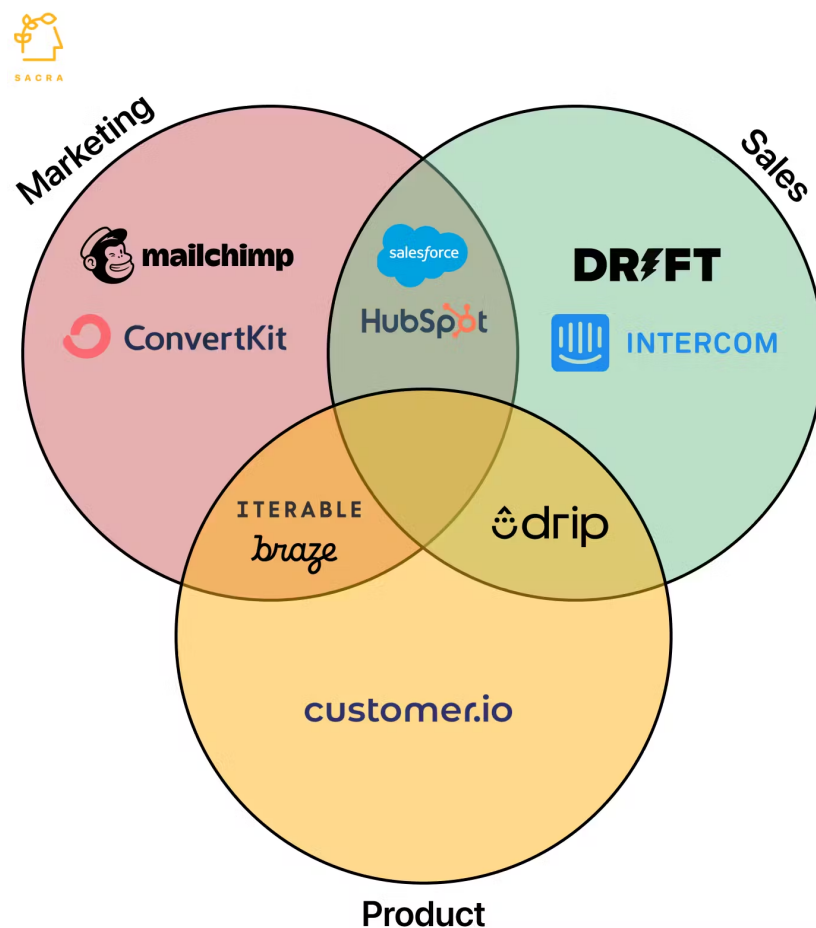


Drift at its core is a CRM with messaging and support applications built on top. To get started, users add a JavaScript snippet to their site that then starts to track every visitor to the site and what they do. They can then interact with them via targeted content, behavior-driven messages through an on-screen chatbot, and conversational support.

Other capabilities include sending personalized videos, managing the entire sales process in one place, and receiving real-time visibility into target accounts.

Drift offers various playbooks, which are customized workflows that guide site visitors and connect them to sales teams. For instance, the inbound sales playbook uses announcements, sliders, and takeovers to pick out prospects and send them invitation emails. Lead generation and productivity tools are also commonly used by Drift's customers to generate and qualify leads. They provide insights for different types of consumers that increase engagement.

Competition



The market for B2B marketing and sales products is large and fragmented, with enterprise-focused suites (HubSpot, Salesforce), SMB-centric marketing tools (MailChimp, ConvertKit) offering messaging products roughly comparable to those of more B2C and mobile-focused players (Braze, Iterable) and technical, product-driven companies (Customer.io).

These enterprise-focused suites like HubSpot and Salesforce but also companies like Zendesk and Freshworks provide a more complete suite of services, from operations management to community forums. They often sell to corporates looking to consolidate their marketing and sales stack.

Drift was a fast-follower behind Intercom, originally eating up Intercom's customer base, but in recent years Intercom has maintained an entry plan for startups just getting into sales while Drift has removed its startup plan—today, the lowest-cost Drift plan charges \$2,500 per month.

Companies with a heavier mobile presence might look to products like Customer.io, Iterable, or Braze as part of a multi-channel marketing and product strategy, as opposed to a Drift which is more focused on serving web-centric B2B SaaS companies.

TAM Expansion

Steadily growing market: Changing consumer preferences caused by the COVID-19 pandemic have heightened interest in digital channels and a rising number of SMBs are embracing SaaS to retain clients.

58% of U.S. consumers have abandoned a brand because of poor service, and this trend isn't going anywhere, as more than 65% of people hold higher expectations for service today than they did three to five years ago. Thus, companies like Drift, which are helping businesses strengthen customer relationships, have significant headroom to grow.

Enterprise suite: In line with the changes in Drift's pricing indicating a shift upmarket, the company is launching features that position it better against competitors like HubSpot for big enterprise contracts.

For example, in 2022, Drift introduced digital deal rooms to extend the functionality of the product from a lead-gen chatbot to a DocuSign-like alternative to actually closing deals.

International expansion: In 2022, Drift setup operations in Guadalajara, Mexico, its sixth global location, to cover the Latin America market. The company already has presence in EMEA, with customers in those regions seeing a 47% increase in ARR YoY.

Risks

High pricing: Drift becomes prohibitively expensive very quickly. Most of the important features, such as 24-hour support and automation, are only available at the enterprise level. Also, companies with multiple teams and route leads and conversations among them must select the enterprise plan.

Drift's move upmarket is likely to alienate startups—while at the same time, the company still lacks the feature parity to compete directly with companies like HubSpot that have a lot of the same conversational marketing/sales features as Drift.

Funding Rounds

Series C		
Share Name	Issue Price	Issued At
Series C-1	\$6.54	Mar 2021
Series C	\$4.27	Apr 2018
Series B		
Share Name	Issue Price	Issued At
Series B	\$1.86	Sep 2017
Series A		
Share Name	Issue Price	Issued At
Series A	\$0.87	Jan 2015
Figures sourced from the latest Certificate of Incorporation we have available.		

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Published on Apr 18th, 2023