

Google contemplates HubSpot deal in what would be its biggest-ever acquisition

Article

The news: Google parent **Alphabet** is reportedly in discussions with its advisors to potentially acquire **HubSpot**, the marketing technology company that took in \$2.17 billion last

year.

- Alphabet has met with investment bankers to explore the feasibility of an offer and assess potential antitrust implications, according to sources cited by Reuters.

Why it matters: While no formal proposal has yet been made, the mere consideration of such a deal is a biggie.

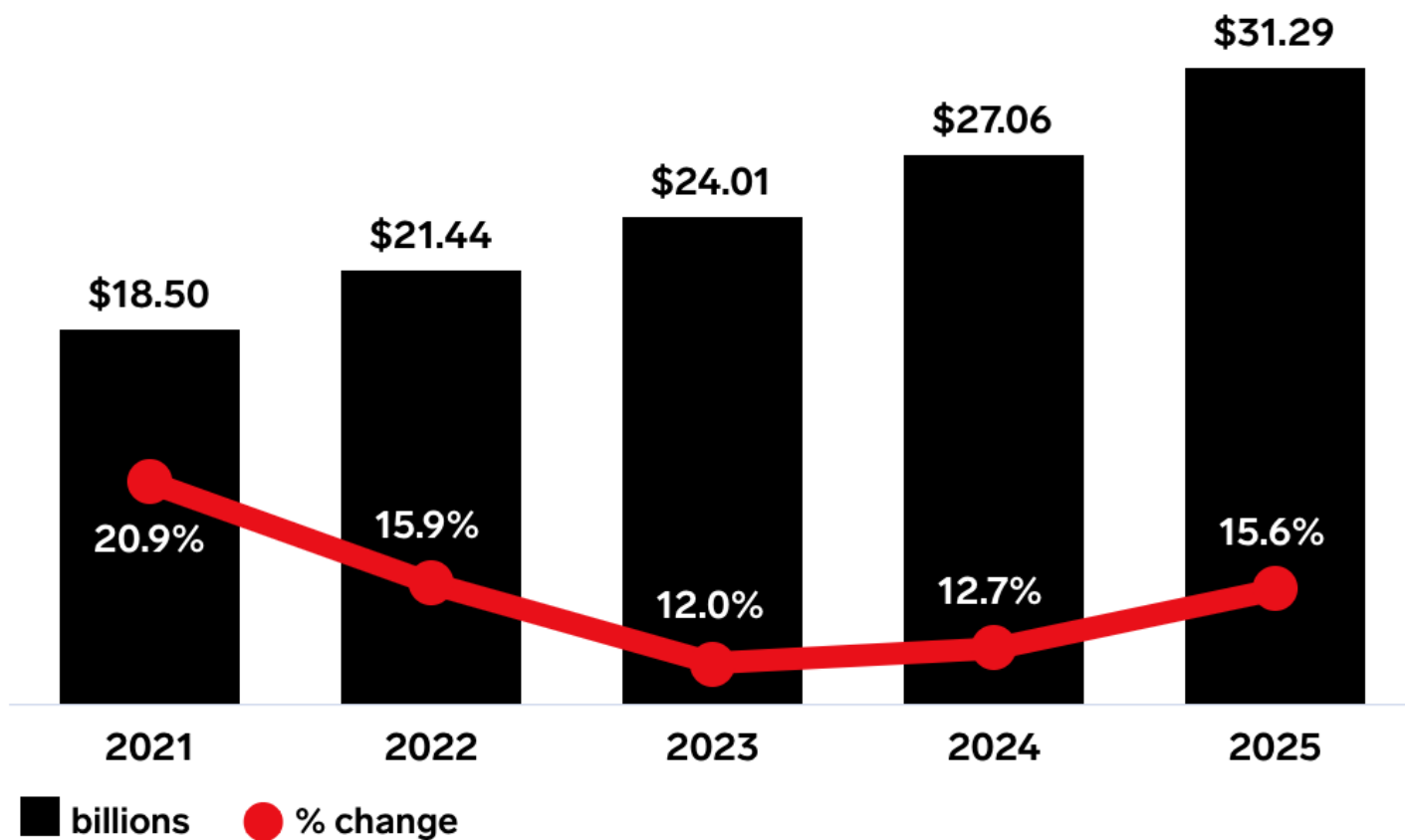
- Given the immense size and influence of both Google and HubSpot—the latter is used by nearly one in three (32%) US B2B go-to-market leaders—any potential deal will likely invite **intense regulatory scrutiny**. Given ongoing antitrust probes into Google's business practices, that point can't be underscored.
- Integrating HubSpot's complex platform into Google's ecosystem could prove to be a daunting technical challenge, potentially hindering the seamless delivery of services.
- HubSpot's customers, particularly small and medium-sized enterprises (SMEs), may perceive the acquisition as a threat to the company's independent identity and customer-centric approach, leading to potential attrition.

Our take: An acquisition of HubSpot would significantly bolster Google's presence in the rapidly growing customer relationship management (CRM) and marketing automation space. With HubSpot's expertise in these areas, Google could gain a competitive edge in serving SMEs.

- HubSpot's treasure trove of first-party customer data—its tools are used by 37% of North American digital agencies—could prove invaluable for Google's advertising business, allowing for more targeted and effective campaigns across various channels.
- The potential deal underscores the ongoing consolidation trend in the tech industry, with major players seeking to expand their offerings and solidify their market dominance.
- While the acquisition could provide Google with a strategic foothold in the lucrative CRM and marketing automation markets, the potential drawbacks and risks cannot be ignored.
- Ultimately, the success of this potential acquisition would depend on Google's ability to navigate the regulatory landscape, ensure a smooth integration process, and maintain the trust and loyalty of HubSpot's existing customer base.

Marketing Technology Spending

US, 2021-2025



Note: includes spending by companies on software or other technology that enables and facilitates marketing functions; excludes spending on hardware and spending on professional and agency services and consulting

Source: EMARKETER Forecast, August 2023