

Skytide unveils latest analytic server stack and seeks to solidify market position

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Although dubbed **Skytide 2.2**, the new release is actually only the second version to ship. The first, which hit the streets last September, was Skytide 2.0. The main enhancements in 2.2 are around better support of multi-terabyte analysis. The new version also sports a single interface for a range of users.

Impact assessment

The message

Skytide is pitched at companies that want fast analysis of large volumes of data – particularly Web log files, call-center logs and other semi-structured formats – without the traditional approach of extraction, transformation and loading into a warehouse.

Competitive landscape

We have yet to see any vendor with a comparable offering for semi-structured data apart from NCR's Teradata division, which is in throes of being spun off from its parent. Vendors with Web analytics software including WebSideStory, ClickTracks and Google with its Analytics tool can provide one aspect of Skytide but not aggregation and correlation with other – often streaming data – sources. In the CRM and contact-center space, the majority of analytics is either performed on customer records or voice data, but not on call-center logs. Traditional BI and data warehousing incumbents including IBM, Business Objects and SAS Institute are only now truly starting to dabble in the semi-structured analytics.

The 451 assessment

Teradata is the only direct competition to Skytide, which means the startup's task is to explain and evangelize the difference between its analytic stack and traditional approaches rather than grapple with a host of competitive products. Having more than doubled its customer base since last September, it looks as if it is meeting this challenge. We believe striking formal partnerships with storage vendors would improve sales opportunities still further since storing data is required for compliance, which remains a big issue for most organizations. We also believe competitive products will start appearing relatively soon given the interest traditional BI and warehouse players are now showing in this area.

Context | The startup's focus is on customer acquisition and solidifying its position in the analytics sector. Skytide has 10-20 customers, up from five last September. **IBM, Sun Microsystems and Akamai Technologies' Netli** division have been customers since last year, and **AgencyPort Insurance Services**

is an early OEM customer win. AgencyPort is licensing Skytide for analysis of ACORD data (the data format for the insurance industry) so that it can provide its customers with details of their insurance policies.

Other customers are reportedly using Skytide to analyze data passing through Web traffic networks, e-commerce sites, call centers and communications networks that typically process billions of transaction log files and records per day that are not pushed into a database or data warehouse. However, management acknowledges that storage of this data for compliance purposes, for example, is required and so Skytide is looking to partner with storage vendors to provide this capability.

Although average deal size is unavailable, we're told that they are much larger than last year. Initial deals are less than \$100,000 and sold under an annual subscription. Management hopes to increase revenue by 50% over 2006 by the end of the year. Skytide has raised \$7m so far, and management plans to look for additional funding in the third or fourth quarter of 2007. The latest \$6m round in August 2005 was from **Granite Ventures** and **El Dorado Ventures**. Although executives report that there is no financial pressure to raise more cash, it will need funds for expanding its employee base, which apart from a couple of additions to its management team has remained relatively static at 22 employees for the past six months or so.

Technology | Skytide doesn't store data; it performs aggregations and data manipulation in-memory. Analytic processing is carried out on-the-fly inside the core analytic server after being modeled in its XML modeling engine.

The analytic server has a correlation engine, hierarchy management engine, path analysis engine, and entity matching engine. It also houses cubes, queries and data connectors. As opposed to relational data – which it can analyze – Skytide seeks to differentiate itself by focusing on analyzing semi-structured data.

Skytide also provides a designer tool as part of the package. It's for business users to create analytic models via a graphical dashboard interface. The dashboard can also be used to manage ongoing or ad hoc analysis projects. There's also a software developer kit for developers to integrate Skytide within an existing BI environment, for example.

Products | Skytide 2.2 is the latest release out of the door. It can be run on 32-bit or 64-bit hardware. Many of the new enhancements are geared toward better support of multi-terabyte data analysis. Although the 2.0 version could handle the analysis of 10TB of data, for example, it required tweaking by consultants to meet the challenge. In contrast, 2.2 has been designed to handle 10TB of data daily. Data recovery is obviously an issue if the underlying in-memory structure fails, so the company has also built a persistent cube in 2.2 for rapid model recovery in the event of failure. There is also a new feature called Skytide Incremental Update, which aims to provide near real-time results for analysis and reports by only accessing new data in an existing model rather than the entire data set. Where the previous release required samples of data to be taken before creating very large models, 2.2 can create large models to support analysis of the entire data set without sampling.

Skytide 2.2 also now has a single reporting interface which can be used by technical or non-technical end users. An analyst, for example, may want to use the workbench provided through this interface, whereas a business users may prefer the query-only client. The interface is available as a desktop fat client or Web-based thin client. The interface is, by management's own admission, still pretty rudimentary. But the intention is not to provide a full-blown presentation layer; instead it is to provide drivers so that it can be integrated with any existing reporting tool or Excel – another common front end to Skytide. In fact, the company reengineered the interface in 2.2 so that it's a full-fledged JDBC interface for reportedly any third-party reporting tool or dashboard. Regular expressions are also now supported in the command line within the Windows desktop so developers no longer have to create a custom parser to process data sources Skytide doesn't support.

Competition | **Teradata** uses a warehouse to provide analytics on multiple terabytes of semi-structured and unstructured data too – it is an architecturally different approach to Skytide but nonetheless directly competitive. Teradata has a partnership with **Attensity** to work on ways to take these types of data, mine it for information, and then load it into a Teradata warehouse. However, Skytide contends it's a far more expensive option than its own – a common criticism leveled at Teradata.

Business Objects XI in conjunction with **NetApp** for storage and data management could also deliver something comparable to Skytide, although semi-structured and unstructured data would be handled by one of Business Objects' partners on this front, which include Attensity, **Clarabridge**, **ClearForest** and **Inxight**

Software. Skytide also has a co-selling agreement with Inxight. Skytide uses Inxight when analyzing unstructured data like text to mark up the data as XML so that it becomes a source for its own engine. SAS has Text Miner, which is positioned as an analytic tool, but – as its name implies – it's more of a data mining tool.

The latest version of IBM's DB2 Warehouse is built on its DB2 9 'Viper' data server, which has the ability to store unstructured data in an XML format alongside structured relational data. Skytide positions this offering as complementary to its own analytic server stack and is in fact seeking closer partnerships with database vendors including IBM. It does appear that Skytide could act as a front end to DB2 Warehouse and showcase its underlying functionality.

SWOT analysis

Strengths	Weaknesses
Customer momentum appears to be building to validate the startup's claims about its software. There are few directly competitive alternatives.	It has low market visibility and is an unprofitable startup.
Opportunities	Threats
Partnerships with storage vendors would give it an option for customers worried about compliance. Similar arrangements with database vendors and in particular IBM could expand its market.	Semi-structured and unstructured analytics is the direction in which a number of players including incumbent BI and data warehouse vendors are heading. Acquiring Skytide would provide an immediate leg up.

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