

## Skytide reveals roadmap for its semi-structured analytic stack, goes for series B round

**Analyst:** Krishna Roy  
**Sector:** Enterprise Software

Having received \$7m in funding to date from **Granite Ventures** and **El Dorado Ventures**, **Skytide** is now raising a series B round. It is looking for a minimum of \$10m to flesh out sales and marketing personnel as well as its engineering and support team. The startup now has over 20 direct customers and five OEM accounts.

Recent reseller deals with open source-based business intelligence startup **JasperSoft** and dashboard vendor **Corda Technologies** were forged to provide its customers with front-end BI tools for the Skytide Analytic Platform, which is designed to analyze semi-structured data sources, including log files and call records. The startup is focused on continuing to build out enterprise functionality to support high-volume data environments, enabling and automating the processing of this data and decreasing deployment time.

### IMPACT ASSESSMENT

#### **The message**

Skytide is seeking to scale out its business by raising a series B round, in which existing investors plan to participate. The general direction of its product roadmap is to automate the time-consuming steps of building the analysis and to decrease the length of deployments as well as to add more enterprise-level functionality.

#### **Competitive landscape**

Analytics on semi-structured data is still an emerging market. Business Objects acquired text analytics player Inxight Software in July in a bid to move into this area. Inxight is also a Skytide partner. But Visual Sciences, ClickFox and WebTrends are more directly competitive with Skytide. Teradata has a partnership with Attensity for text analytics, while Netezza is planning to deliver analytic appliances that could encompass semi-structured data, too. Calpont is also focused on analyzing nontraditional data sources but has yet to bring product to market.

#### **The 451 Assessment**

Additional funding will clearly give Skytide the opportunity to move to the next level by providing it with the investment to scale out its business as well as raise its market profile through more sales and marketing activity. We believe the move to now offer front-end BI tools via reseller deals with JasperSoft and Corda is sound since it increases the Skytide Analytic Platform's appeal to a broader business audience. However, we still wonder whether Skytide will be acquired at some point, given that it operates in a hot emerging market that's not particularly well served by incumbents in BI and data warehousing.

## Context

Skytide is looking for more investment, primarily for sales and marketing but also to beef up engineering and support, having raised \$7m to date from Granite and El Dorado. El Dorado provided seed funding of \$1m and also participated with Granite in its \$6m series A round in July 2005. Management is looking for a minimum of \$10m and expects existing investors to participate. The investment will fuel hiring activity next year when the startup plans to recruit up to 10 additional staff. Headcount has been stable for the past year at about 20 employees.

At the beginning of the year, Skytide started down the path of targeting network service providers, online advertising firms or any organization with a high-volume network environment that requires analytics. It now has over 20 customers and five OEM accounts, including **AgencyPort Insurance Services**, contract management firm **Selectica** and **Dynaxis**, which sells tools for website management, content management and knowledge management. Average deal sizes on the direct side of the business are in the \$300,000-500,000 range.

Typical use-case scenarios for the Skytide Analytic Platform by network service providers include network traffic segmentation by time, location and geography, while ad-insertion organizations reportedly want the same kind of analytics but by publisher and customer, for example.

Skytide also now has reseller deals with JasperSoft and Corda to provide customers with front-end presentation tools and dashboards for its analytic stack. It is also promoting **Business Objects'** Crystal Reports as a front-end reporting tool so that customers have a number of choices above and beyond the presentation layer it provides.

## Product/Technology

The Skytide Analytic Platform is essentially designed to analyze terabytes of semi-structured data (log files, email, HTML files and call records) through its XML-based analytic server. The platform virtualizes the data sources, renders them in XML and then builds analytic models on top. Storage of data for compliance purposes, for example, is handled by the column-based database within the platform. The in-memory database handles the processing of data, including aggregations.

Architecturally, it consists of a Modeling layer, an Analysis layer and a Presentation layer. The Modeling layer comprises an XML Rendering engine and Analytical Model engine, which normalizes the data and automates the manual process of building and updating analytical models. XML-based rendering of data is then paired with the Analytical Model engine, which builds complex models based on user-defined business rules and the actual data at runtime. The Analytical Model engine uses XPath as its modeling language.

The way in which Skytide deals with data makes it well suited to handling extremely large volumes of diverse data formats. By linking directly to the data sources, Skytide eliminates the need for a data warehouse. Data is then automatically aggregated, summarized and correlated across all data sources, making possible multidimensional, historical views of the data. In-memory processing speeds queries based on even the largest data sets. These functions allows Skytide customers to build highly segmented trend analysis across data sets that provide deep insight into customer behavior, quality of service, network performance, online content access, etc. In this manner, a content-delivery network (CDN) can demonstrate for its customers the actual performance details of all content objects

transmitted by customer or segment; CDN customers can track performance across multiple CDN providers; and individual organizations delivering content across their own networks could segment content delivery by region, content type or even individual user.

The Presentation layer includes the ability for business users to build analytic models through a graphical dashboard interface and perform ad hoc analysis. The analytic models also come with predefined reports. The Presentation layer also includes JDBC and MDX drivers and an API software developer kit for integration with third-party applications.

## Roadmap

The overarching theme behind future development – to appear in releases over the next year – is to continue to carry out work to decrease the length of deployment by giving users capabilities they did not have before by automating processes. For example, the company plans to productize the ability of the platform to ingest a number of files formats, including Windows Media Server, Adobe Flash Media Server, demographic data and geospatial data by delivering a library of parsers that automatically transform these data sources into XML.

Advancing enterprise features, particularly in the area of high-volume analytics and reporting, is also in the cards – this is also the reason Skytide has begun reselling Corda dashboards and JasperSoft's BI tools. Expanding the modeling environment in terms of operating system support and management is also part of its 'enterprise-ready' focus.

Extend support for standard query APIs beyond MDX and JBDC to ODBC, ODBO and, possibly, XMLA is also coming, as is improving the JDBC and MDX drivers currently in the platform. Skytide also plans to make modeling faster and increase the speed with which end users can perform ad hoc analysis.

## Competition

Management reports that Web analytics vendors – primarily, **ClickFox**, **WebTrends** and **Visual Sciences** – and not BI or data warehousing players – are the rivals it encounters most frequently in deals. That makes sense given the kinds of data and analysis Skytide aims to provide.

ClickFox started out analyzing call center data and has expanded to clickstream data. WebTrends is now expanding beyond its primary focus on clickstream data. Visual Sciences (acquired by **WebSideStory** in February 2006; the combined company took the Visual Sciences name) has also expanded beyond clickstream data with a strong emphasis on visualization and real-time analytic capabilities. Management reports that it has won deals against all three players.

Skytide's competitive situation with Business Objects is an interesting one. On the one hand, Skytide actively promotes Business Objects' Crystal Reports as a front-end reporting tool for the Skytide Analytic Platform and still has a partnership with Inxight – even though it now owned by Business Objects. In fact, management reports that it is currently in a deal with Inxight.

However, Business Objects clearly has ambitions to play in the semi-structured BI and analytics space. In early October, it unveiled a new offering – Text Analysis – which is built on its acquired Inxight software and designed to integrate with BusinessObjects Enterprise, Data Integrator, Crystal Reports, Web Intelligence and its dashboards. Skytide makes the point that Business Objects – and, in fact, any BI and/or data warehousing – can't handle the same data types or provide real-time analytics, because its wares are driven off a data

warehouse. That may be true, but it doesn't stop incumbents – including Business Objects, **Teradata** and, potentially, **Netezza** – trying to move into Skytide's territory, given that analytics on semi-structured data is the next frontier in BI and data warehousing.

**Calpont** won't bring its column-based database for warehousing to market until next year. But it is focused on providing a single-query environment for nontraditional data sources, including clickstream data, RFID and network traffic. Skytide believes Calpont's database won't be able to handle the multiterabytes of data of its own analytic platform. We reserve judgment until Calpont ships product.

<b>SWOT ANALYSIS</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Skytide is still one of few players that can provide analytics on nonrelational data, giving it early mover advantage in an emerging market.	The startup is unprofitable and has a relatively low market profile.
<b>Opportunities</b>	<b>Threats</b>
Direct as well as OEM deals provide the startup with two avenues for sales. New funding will give it a chance to expand sales and marketing activity.	Skytide could be acquired before it has a chance to build a sustainable business, given that analytics on semi-structured data isn't really something the majority of incumbents in BI and data warehousing can now provide.

**About The 451 Group**

The 451 Group is a technology industry analyst company focused on the business of enterprise IT innovation. The company's analysts provide critical and timely emerging-technology insight to clients at vendor, investor, services and end-user organizations – insight that aids both strategic and tactical decision making for competitive advantage.

The company's services include the 451 Market Insight Service, which delivers daily insight into emerging enterprise IT markets; 451 TechDealmaker, a weekly analysis service focused on forward-looking M&A within the enterprise IT business; 451 Special Reports, which are produced on a periodic basis to analyze key emerging enterprise IT markets in greater depth; and 451 Strategic Counsel, the company's analyst-inquiry program, which provides clients with direct access to 451 analysts. The company also produces via 451 Events periodic industry summits and investor conferences that address opportunities and obstacles facing emerging enterprise IT markets.

The 451 Group is headquartered in New York, with offices in key locations, including San Francisco, London and Boston. The company also operates Tier 1 Research – an independent division of The 451 Group, headquartered in Minneapolis – which analyzes the financial and industry implications of developments impacting public and private companies within the IT, communications and Internet sectors.

For additional information on the company or to apply for trial access to its services, go to: [www.the451group.com](http://www.the451group.com)