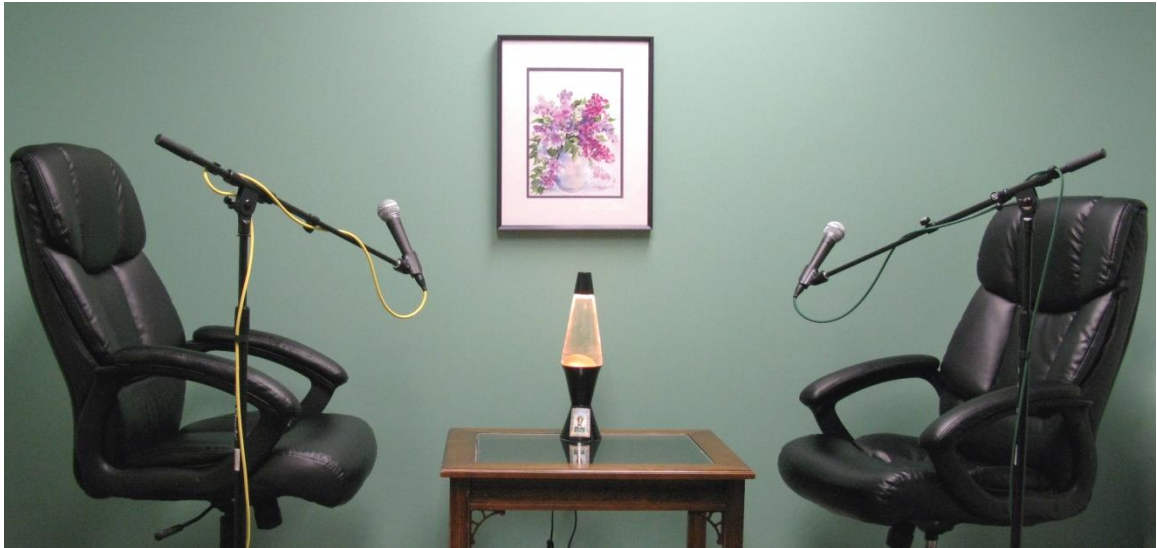




BBBT Podcast Transcript



About the BBBT

The Boulder Business Intelligence Brain Trust, or BBBT, was founded in 2006 by Claudia Imhoff. Its mission is to leverage business intelligence for industry vendors, for its members, who are independent analysts and experts, and for its subscribers, who are practitioners. To accomplish this mission, the BBBT provides a variety of services, centered around vendor presentations.

For more, see: www.bbbt.us.

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Claudia Imhoff: Hello, and welcome to this edition of the Boulder BI Brain Trust, or the BBBT. We're a gathering of international consultants, analysts, and experts in Business Intelligence, who meet with interesting and innovative BI companies here in beautiful Boulder, Colorado. We not only get briefed on the latest news and releases, but we share our ideas with the vendor on where the BI industry is going and help them with their technological directions and marketing messages. I'm Claudia Imhoff, and the BBBT Podcasts are produced by my company, Intelligent Solutions.

I'm pleased to introduce my guests today. They are Nobby Akiha and Jeff Morris. Nobby is the senior vice president of marketing and Jeff is the vice president of product marketing for Actuate Corporation. Welcome to you both.

Nobby Akiha: Thank you, Claudia. It's good to be back.

Jeff Morris: Thanks very much.

CI: All right. Nobby, let me start with you. We got a good overview, a short overview, of Actuate, what's been happening in the past year or so. Why don't you start us off with the emphasis points that you made for us this morning?

NA: Sure. One of the most significant events over the last year was that we did acquire another company. It's an analytics based company that was headquartered out of Barcelona, Spain, called Quiterian. That happened the middle of October of last year, and we've been very busy integrating the people, the technology, and we've already shipped a couple of versions of the technology under the new name of BIRT Analytics. That's very exciting. The other area is that we did introduce a new deployment platform called the iHub, which is designed, really, to support our BIRT developers, the two and a half million BIRT developers that use the open source development environment.

We're also integrating into that platform the acquired technologies from Quiterian, the BIRT Analytics technology, but also are increasingly integrating our technology that we acquired three years ago from Xenos Group, all of the things around the high volume transaction outputs and



transformation, and delighted that that business is doing well and growing and so on as well.

CI: You also talked about three areas of emphasis customer facing applications, big data, big analytics, that's the Quiterian I'm assuming, and then also the output management for customer communications. The company, though, has also been remarkably successful, it sounds like, in the last year, revenue wise. Give me a few statistics on the company the revenue, the employees, and that sort of thing.

NA: Sure. Currently, we closed out last year at just under \$139 million in revenue, 22 percent operating margin, very profitable. We're currently at about 620 employees. Where we have been investing in is really in the sales and marketing organization, because we see an opportunity in the market today for our suite of products that could really help our customers engage their customers through analytics and insights and so on. That's really our focus today -- is really helping our customers with all aspects of their relationship with the customers, which we hope will increase their loyalty, the experience, and their ability to generate revenue as well.

That's really why we're focused on that area. It's been an area where we've had good success, through our BIRT development, with a lot of customer facing applications, obviously with our Xenos Group that focused on customer communications management, and all the various high volume outputs there.

We're very excited about really applying the BIRT Analytics capability to really enhance even further the way to analyze and provide those insights and deliver the insights in the appropriate way, in a personalized way, to the customers.

CI: Like you said, two and a half million developers -- not too shabby.

NA: Nope. We're very pleased with that.

CI: All right. Jeff, let me turn to you. You had an interesting comment about big data, and I actually agree with you on this one. You said that it's not about the storage of the big data, although it's important to at least be



able to store it, right? It really is more what you do with the data. It's all about the analytics. Why don't you explain what you meant by that?

JM: Right. The basics are, while there is a technology evolution happening right now, that in support of big data and in support of being able to store an immense amount of information, the real exercise is applying any of the data that you happen to have, whether it's of these new technologies or old, to a real live business problem. As we've gone and surveyed our market late last year about what their big data projects were, the feedback kept coming back that they want to perform exercises against understanding what their customers are doing and understanding how to better or more efficiently attract customers, how to more efficiently offer new products to them.

Throughout that endeavor, we realized, well, even though there are these wonderful new technologies available -- BIRT Analytics including -- that the real exercise is having a business problem. Like, "How can I stop my best customers from leaving?" Take that churn issue, having a real business problem, and then applying any of these technologies to that, you'll be further along down the path of success, rather than letting your IT staff run away with technology investigation, but then not knowing how to apply it later.

CI: That does bring up a question. Nobby, let me go back to you. Actuate has put a tremendous amount of emphasis on customer analytics. We've had them for a number of years. We've had the ability, as you said, to look at churn and segmentation, but I think -- why don't you tell me -- to me, the big difference is, of course, that we now have more sources of data about our customers, these big data sources. Why is Actuate taking such a focus on customer?

NA: We do see that, as you said, there is even more data now that could be applied to really analyze the customers, to be better about offering the kinds of products and services that are going to be much better suited. I think we really are heading to some holy grail, the "market of one" kind of concept, where you really are able to personalize. There's also an expectation from the consumer side because of all of the social aspects, the mobile aspects, and so on.



CI: I expect you to know me, company, whatever you are. Yeah.

NA: Yeah, exactly. Companies that are going to be able to provide the most relevant kind of information to those customers are going to be the winners. There is now an increasing sense, even from speaking to even our IT customers and so on, on the IT side, that revenue generation and revenue and focus on customers is increasingly becoming more important. You also hear people like Gartner and Forrester, that are talking about how the CMO is going to spend more on technology in the future than the CIO.

We do think there is an enormous opportunity, and I think there's an enormous opportunity where you can bridge the gap between the scale of the data, as you said, big data, the ability to really do meaningful analysis of that data, but do that in a way that could be done without having to have a PhD in statistics, that business analysts and business users and marketing managers are able to do a lot of that analytics. We see an enormous opportunity there, which is the reason for our focus in that area.

CI: Jeff, back to you. To that end, the resources to analyze big data are pretty restricted. You put up a statistic of something like 10% of IT resources are actually working on...

JM: Are actually working on a project like that, yeah. Exactly.

CI: Yeah. What do you see as the hindrances, then, of companies trying to get into big data and big data analytics?

JM: I suppose there's any number of them. One is, as they get into big data, as we just mentioned, they don't necessarily know what problem to apply it to. The second is that, as they do get into big data, because they don't quite know what to apply to originally, they look at repeating or improving and making more efficient old style projects. We have a number of customers who are taking and moving many data warehouses into Hadoop, for example, in order to reduce their data warehousing costs but still gain the efficiencies of that data integration exercise.



They're still doing the same kind of traditional business intelligence, reporting, cube like analysis, et cetera, upon this new technology architecture. They're moving slowly, doing what they did before, but using the new technology or trying to adopt the new technology, without knowing where to apply it.

The last piece, of course, is the...

CI: Elusive data scientist!

JM: ...the phantom data scientist...

CI: Exactly.

JM: ...who maybe is out there in the world, but they're so rare, and growing them is difficult. The best advice that we can offer everyone out there is tell your children to learn statistics.

CI: Absolutely. Isn't that a funny change?

JM: It's the absolute truth. My kids, your kids, it's really funny that way. There is an abundance of opportunity for them in the future.

CI: It's kind of refreshing that data science has come to the fore. It's not new. I mean, we've had statisticians. We've had actuary people, and so forth.

JM: Right.

CI: What is new is that there is this demand from nontraditional companies to have that kind of expertise. That leads me into the really big question, which is BIRT Analytics. You did buy the company in Spain, I'm assuming to bring to your audience a capability that perhaps was missing. Why don't we talk a little bit about BIRT Analytics? First of all, why did Actuate purchase this company?

JM: It's appealing for many number of areas. It offers the ability to introduce non data scientist type people to the data science...

CI: Without scaring them off.



JM: Without scaring them away. But by automating analytic techniques, right, like clustering and data profiling and association rules. That's the good old market basket analysis kind of exercises of, "When I walk into the store, I go for the diapers, I go for the milk, and then I cruise by the beer aisle because I'm staying in that night." That kind of association, that's very traditional stuff. Amazon has been doing it, and the largest organizations in the world have been doing it. You're right. Everybody wants to perform those kinds of exercises.

The BIRT Analytic Technologies takes those statistical techniques and automates them and makes them easier and more accessible to an everyday person. When you assemble them in their particular sequencing, you can then perform those kinds of analyses we were talking about. Customer churn, next best offer identification, lifetime value understanding of a customer, creating a real sales forecast based on the data, and extrapolating into the future. But all based on the data and your resources, et cetera, that you want to be applying to it, also including big data caliber, big data sizings of information.

It had the visualization technology we liked. It had the statistical information we liked. It had the underpinnings of a columnar database underneath it that can handle massive volumes of data. We really felt like it fit that nice sweet spot of all three of those things. We recognized, all through our search process -- when you get into big data, big data really is a data mining problem. We really wanted a strong or a focused data mining kind of technology, and that's what we ended up getting.

CI: Let's talk, just briefly, about the technology stack, a little bit. It is not open source, as I understand. It is something that's a value add. Why don't you talk, just briefly, about the technology stack that you've now got?

JM: Well, the technology, the underpinnings itself, it has a columnar database that's based on the same initial research papers of Vertica. It's a massively scalable, both in memory and optimized, writing to disk kind of columnar database. It allows us to operate on an immense amount of data. As we looked at just happening to have a new storage technology, we continued to invest in BIRT onDemand, our cloud based BI offering, or analytic offering, that kind of data source being available to us was very



appealing. Then, working that technology into the iHub stack is also very appealing to us. We've been morphing that side of our offering, over the last five years, to be a very, very solid player in both data integration, metadata, data caching, and aggregation, and this just makes it so much more massively scalable as we look to the future of what the future demands of our customers are going to be.

CI: How does it interface, then, with the BIRT proper?

JM: This is the beauty of open source, OK? The beauty of the BIRT open source technology is that we have our Open Data Access connection framework.

It was actually quite simple for us to take BIRT, and back BIRT up to this proprietary database and say, "Now give me the data." We've written an ODA for the BIRT Analytic data store, and so we can trade data in and out of that data store from BIRT. As the core underpinnings of offering these personalized analytic exercises and analytic applications to end user customers, that data can be drawn from BIRT Analytics, it can be drawn from other sources in the organization, including Hadoop, including everything else, all under that unified vehicle of the BIRT iHub and the core underpinnings of that, which are the open source.

CI: Very exciting.

JM: Of course, open source is super helpful, necessity being the mother of invention.

CI: Right. All right. Nobby, let me go back to you for the last question. Briefly -- we've got about a minute left -- if you can, talk a little bit about this iHub. It was purchased, what, a couple of years ago, I guess?

NA: It was formally introduced a year ago.

CI: A year ago, right.

NA: It is an evolution of our technology. We used to have the iServer, which we continue to have to support our legacy reports customers, but we wanted to streamline, and have a platform that was going to be easier to



integrate technologies that we have acquired, will acquire, in the future as well.

It does still maintain a lot of the strength, in terms of our scalability, our performance, reliability, and security. What we will be adding on in the future is a much easier way, a holistic way, to manage all of our iHub products, such as the analytics, such as our Xenos based content, customer communication management products, as well as, obviously, the BIRT applications and so on.

You'll also see us focusing a lot more on the usability aspects. As we move more and more, and focus more and more, on the customer side, usability will continue to be important through all aspects of that. One of the things that we've beefed up significantly is our user experience team. We're going to be working pretty hard, making sure that all aspects of BIRT BIRT iHub, BIRT Analytics, all of the content services are going to be very usable for the target users.

CI: Excellent. Very exciting time for the company, I'm sure.

Unfortunately, we're out of time, though. That's it for this edition of the BBBT Podcast. Again, I'm Claudia Imhoff, and it's been a great pleasure to speak with my friends, Nobby Akiha and Jeff Morris of Actuate Corporation. Thanks so much to both of you.

NA: Thank you. It's great to be here.

JM: Yes, it's really fun being back.

CI: I hope you enjoyed today's podcast. You'll find more podcasts from other vendors at our web site, www.boulderbibraintrust.org. If you want to learn more about today's session, please search for our hash tag on Twitter. That's #BBBT. And please join me again for another interview. Good bye, and good business!