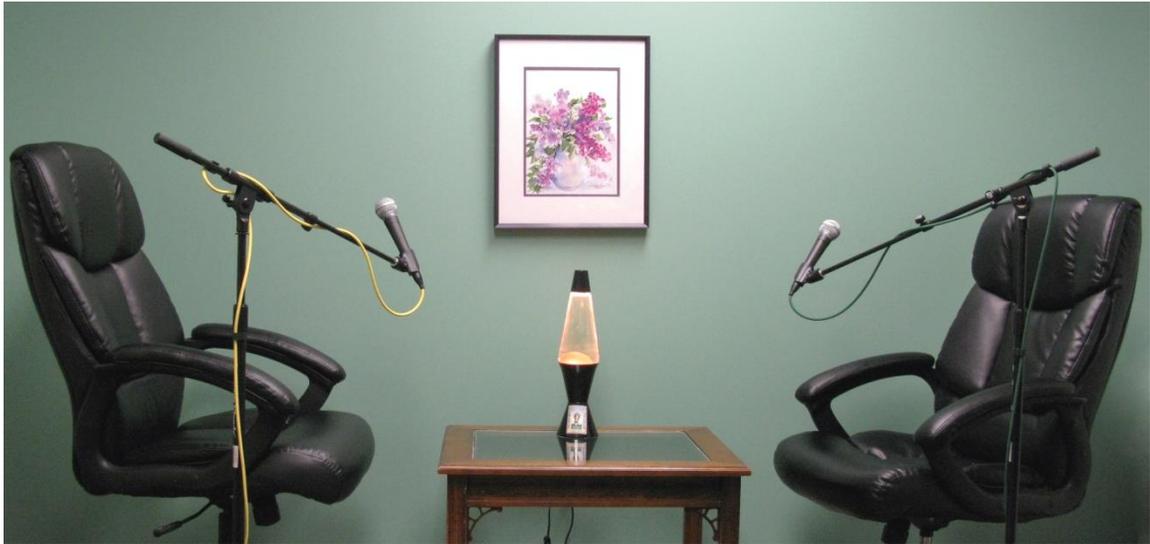




BBBT Podcast Transcript



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 guest today. He is Paul Maiste. Paul is the president of Lityx. Welcome, Paul.

Paul Maiste: Hi, Claudia. Very nice to be here.

CI: It's good to have you here. You're a relatively new company. I think you started in around 2006 or so.

Let's start. Most people may not know who Lityx is, so let's start with a brief overview of the company. How did you get started, and what is your focus today?

PM: You're right, Claudia. We started just about seven years ago, in 2006. We are an analytics focused company. Started out mainly providing consulting and training services in the analytics space to our clients. Today, over the last couple of years, we've been transitioning into a solutions company as well, through a hosted analytics platform we call LityxIQ.

CI: In terms of your customers, who would be using LityxIQ?

PM: The main focus that we have for our platform is to bring advanced analytics to the business user. Mainly, our primary customer tends to be a business user, someone, for example, in the marketing department. And the kinds of capabilities we're adding to their repertoire are things that tend not to be what a marketer would often start with. We're bringing them advanced analytics, like predictive modeling and marketing optimization.

CI: Let's talk a little bit about what's underneath the covers. You are a hosted application?

PM: That's right.



CI: Who do you host with?

PM: Our hosting infrastructure is with the Amazon Cloud EC2 infrastructure.

CI: That makes it easy for a business user to get up and running fairly quickly, right?

PM: We provide them all the tools they need to implement advanced solutions, like LityxIQ, very rapidly. There's no need for their internal IT department to be involved. It's a very rapid implementation.

CI: What I like is that -- we'll get into it in a moment when we talk about the four modules -- you offer pretty sophisticated capabilities to these business users right out of the chute, right?

PM: Absolutely. Again, that's our core tenant is to provide and empower business users with these forms of advanced analytics, like modeling and optimization, things that were out of their domain in the past, and using classic tools.

CI: Let's start with some differentiators, because, quite honestly, up until now, you could be almost any of the advanced analytics companies. Let's start with some of the key differentiators for LityxIQ.

PM: Sure. Again, alluding to what I've already mentioned, we really are trying to bring solutions that are easy to use for the non-technical business user. I think that is probably our core differentiator, allowing the business user to take advantage of advanced analytics and empower them to do those things themselves.

Along with that is, we really allow rapid model development. By bringing these tools to the business user, they can, with a few clicks, develop, test, validate, and deploy models, both predictive models and optimization models. Time to market is a big differentiator.

Our solution, LityxIQ, is an integrated solution. What that means is everything, from working with data, generating insights, charts, and dashboards, to building and implementing predictive models, to defining and implementing marketing optimization scenarios, all within one framework.



Lastly, I'd say, because we're a cloud based solution, we are able to pass on low costs to our clients, both in terms of low effort to implement, very quick and easy to implement, and, really, no internal IT resources required. Given how stressed and tight IT resources are nowadays, that's a big thing, a big differentiator, for our business clients.

CI: Yeah, it is. Just provisioning the environment for IT can become quite difficult.

Let's talk a little bit about the LityxIQ platform itself. It's made up of four modules. If you don't mind, please describe what these four modules do, what their names, are and what their functionality is.

PM: Absolutely. Yes, and we call them solutions. The data manager is one of them, InsightIQ, PredictIQ, and OptimizeIQ. Let me give you a little bit of an overview on what these four solutions provide.

The data manager is where data comes into the platform. Being an analytics platform, everything is driven by data. Users can bring data into the platform and do more complex manipulation of data, such as joining datasets together, cleaning data, adding fields to data, and so on. For example, a user can bring in transactional level data, aggregate it up to the customer level, and add fields, like frequency fields and total amount spent, number of transactions, join that with other information on the customer record, like their demographics, and have that feed into other solutions within the platform.

The second solution is InsightIQ, is really the solution for drilling deeper into data, finding relationships and generating insights about your customers, if it's marketing level data. Users here would interactively define and build charts and tables and graphics, and then maybe push that out to their business users, or to their management or their clients, through analytic galleries or dashboards.

The third solution is PredictIQ, and that's really our automated solution for defining, building, testing, and implementing predictive models. It's a solution that's very much based on business language. We don't require our customers to build models from the starting point of algorithms, more



from the starting point of what's the business objective. Is it a churn model? Is it a response model? Is it a customer value model? That starts the process.

We also have some other, very differentiated capabilities in our PredictIQ solution. Complete version control of models as they're built and rebuilt and refreshed over time, all model history is tracked and stored, and many other things are automated for the user. The process of variable selection, variable creation, performance metrics and comparing models and building them, all built into the PredictIQ solution.

Lastly, OptimizelQ is our solution for defining, executing, and implementing complex marketing optimization or, generally, business optimization problems, often with hard business constraints behind them. Again, it's focused on the business user. There's no coding, no need to be a mathematician, designed for flexibility. A pretty wide array of different kinds of optimization problems can and have been solved with OptimizelQ, including channel optimization, budget optimization, campaign optimization, customer contact and offer optimization, so a wide array of business optimization problems and easily solved by the business user.

CI: I'm fascinated with the OptimizelQ solution, as you call it. I thought it was actually quite interesting. It's not something that a lot of companies even know how to create -- an optimization. Could you go through an example of how a customer might use this functionality?

PM: Absolutely. As I alluded to, there are a lot of examples, but let me pick one that may be interesting to the listeners out there.

Consider a casino, for example, or another hospitality organization, actually any organization that needs to market smartly and efficiently to their customers. They have a need to allocate offers in an optimal and efficient way to, let's say, their prospect lists. The fact is, if you think about it, any particular individual out there on their prospect list, is going to be enticed with different messages and different creative and different offers and differing pricing.

Person A, or segment A, might be really interested and likely to respond to this offer and this creative, but person B, in another segment, might be more in tune to a separate offer with a different pricing strategy.



The idea is, how do we best allocate and give offers to individuals to optimize some core business metric? It could be number of responders we get to the campaign, could be a response rate, it could be a marketing ROI, or it could be we need to minimize cost per order. Maybe that's what our current core objectives in the department are.

We also have some constraints behind our problem here. There are hard business constraints vendors that we need to work with, costs, and maybe fixed costs, through different channels.

What Optimizely allows you to do is encompass and embed all that into, what we call, an optimization scenario, define all those things using business language, including the metrics and including the constraints. Then run that scenario, look at the results, and see how it'd affect your business.

CI: Really cool stuff. I like it.

Now, one of the things that we did get into a discussion about, a little bit, what you've done is you've taken some very sophisticated algorithms, modeling capabilities, optimizations, and so forth, and you've put them in a box for a non-statistical user, a marketing person or someone who's not, necessarily, a technological whiz kid. Which brings up a little bit of a problem or a concern, I think, on my part, and that is you've given very powerful tools to someone who hasn't been trained yet in statistics or stochastic modeling and so forth. How do you get that person ramped up so quickly to understand, to be able to interpret, these results?

PM: Claudia, you're right in suggesting that, as easy as we can try and make things for a business user and a non-technical user, it's not the end of the game. There are still some things that we need to work with our clients on, to train them and help them understand the outputs that they're getting from these models. The inputs as well, of course, but certainly the outputs, because that's where they're going to interpret the results in terms of what value it's going to bring to their business.

We certainly do and have a need to work with our clients to help them understand things like, what is a lift metric, and if I'm comparing a couple different models based on the lift of one decile versus another decile, what's that really mean to me?



We feel that we make it really easy to provide those metrics out to the users. They don't need to code anything. They're just there for their viewing. You're right in suggesting that the interpretation of those still takes some work. If our clients are unfamiliar with those metrics ahead of time, we'll work with them to make sure they are interpreting the results correctly.

CI: Which is the beauty of your company. It started out as a consulting company, so it comes naturally to your company, right?

PM: Absolutely. We've been working with clients, with regard to not only the front end side of analytics and model building and optimization, but also the back end side. We've always had a need to educate our clients on interpreting analytic results into business value and business cases, and so it's a natural extension for us to do the same within the guise of our LityxIQ platform.

CI: We've got a couple of minutes left, so let's continue on this theme a little bit. You've also created a rapid engagement path, something that gets them ramped up very quickly. Let's talk about that in the remaining time that we have.

PM: Absolutely. Our clients, and many organizations out there, they have a need to get to market faster and implement, whether it's simple analytics or advanced analytics, much more quickly than they've been able to.

We do have a program that we call the Rapid Analytics program, to help our clients push through the early stages of an analytics implementation. What we'll do is work with them over a three or four week period and deliver to them, in that period, real business value in terms of working with their data, maybe developing some insights and dashboards, and probably developing one or a couple of different models that they can then implement. What we'll do is help them, again, interpret the results of those models into what is the business impact if you were to implement this on a wider scale.

We're able to turn that around for our clients very quickly. They get to see the value. With a very low cost starting point, they get to see the value of the advanced analytics. Then we talk to them about what's the business case behind it and how can we help them get there in the long term.



CI: Excellent. A good start. Unfortunately, I think we're out of time at this point, but I see a very bright future for Lityx. I'm very pleased with what I saw today. Unfortunately, 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 Paul Maiste of Lityx today. Thanks so much, Paul. I appreciate it.

PM: Thank you. Pleasure for me as well. Take care.

CI: I hope you enjoyed today's podcast. You'll find more podcasts from other vendors at our web site. That's 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!