

PivotLink unleashes SaaS retail and online marketing wares, builds BI beachhead

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Consisting of key performance indicators (KPIs), reports and dashboards specifically designed for line-of-business folk in retail and online marketing, to get them up and running quickly on analytics pertaining to their industry, Readimetrix for Retail and a counterpart for online marketing are the most recent additions to **PivotLink's** Readimetrix portfolio. The former is designed for analysis of store operations, sales, product profitability, pricing, inventory and product mix. The latter is designed for analyzing advertising performance and the prioritization of mediums that generate the most leads, as well as tracking top-performing affiliates and referrals. More Readimetrix offerings are in the cards, as is a move into predictive analytics to provide retailers with segmentation-analysis capabilities, for example.

The 451 take

Prepackaged hosted analytic services for specific industries are meeting a market need and shaping up to be a star earner for the company – Readimetrix has only been available for seven months, and now reportedly accounts for a quarter of overall sales. Retail is one of the predominant industries within PivotLink's customer base, so it seems Readimetrix for Retail will go down particularly well with existing accounts. We see Readimetrix for Online Marketing as a way to expand its installed base into a fertile arena. We also see strong potential for upselling new Readimetrix products under development, since they are likely to suit the other vertical markets in which it has made good headway. We believe PivotLink is one of the largest vendors in SaaS BI – a position we think it could shore up by moving profitability forward a little.

PivotLink delivered the first fruits of its strategy to create hosted analytic applications – either alone or with partners – for its SaaS BI stack with the March debut of Readimetrix for sales, marketing and human capital management. Readimetrix for Retail and Readimetrix for Online Marketing are the latest to join this product family, which we're told now accounts for 25% of its business. The rest of the company's revenue is derived from selling its hosted BI platform, which carries out analytical processing in-memory; has a schema-less data model; doesn't require the creation of star, snowflake or multidimensional OLAP structures; and sports merge-query technology.

Comprising 62 KPIs, 15 reports and five dashboards, and starting at \$35,000, Readimetrix for Retail also draws on best practices used by some 40 of its existing customers in retail. Designed specifically for business folk wanting to perform retail analytics on store operations, performance and shelf-space optimization, for example, we're told Readimetrix for Retail (like the rest of the Readimetrix product family) also enables users to customize reports and dashboards, if needed.

Readimetrix for Retail was developed by PivotLink, whereas Readimetrix for Online Marketing was developed by its partner, retail software vendor **Cervello**, which crafted the 33 KPIs, 21 reports and 10 dashboards within it. We're told PivotLink and Cervello are both selling the online marketing offering, which starts at \$15,000 for an individual client. We're also told Cervello is also selling it as another option – for online agencies to serve their customers – for \$55,000. Other Readimetrix products for distribution, manufacturing and logistics, for example, are planned.

Management says customers are now starting to request predictive analytics for specific business-oriented analytic scenarios. PivotLink plans to offer up these types of capabilities by plugging into third-party software to meet a growing demand for segmentation analysis and affinity-type mappings, for example. Management also tells us that 90% of customers use its SaaS BI service to analyze more than one data source – they typically start with **salesforce.com** – and that 25% of customers have more than 250 active users.

Management expects to have 100 customers on board by year-end and says 50% of customers have increased business with it in the last year; it has a 98% renewal rate for subscriptions. Average deal size is reportedly around \$50,000-70,000. PivotLink is currently planning for its next round of venture funding to occur in the fourth quarter of 2011 or the first quarter of 2012, and expects to move into profit in 2012. The company has been hiring, and now has 65-72 employees, compared with 55-65 in March. Recent new recruits include former BEA executive Rosanne Saccone, who is chief marketing officer.

Competition

SAP BusinessObjects and **IBM Cognos** reportedly remain the vendors PivotLink encounters most frequently, which figures, since both players are dominant incumbents in BI. Although SAP BusinessObjects has a foot in SaaS BI with Business Objects BI **OnDemand**, which was refreshed in March with the addition of Business Explorer for data visualization and exploration, Business Objects BI OnDemand still makes use of on-premises tools, including Web Intelligence for ad hoc analytics. IBM Cognos has made some initial forays into the cloud. We expect to see more moves in 2011. We also think PivotLink's industry-specific strategy with Readimetrix is somewhat akin to IBM Cognos' vertically oriented analytic application focus.

We're told PivotLink also comes across **QlikTech International** in certain situations, as well as **MicroStrategy** in retail, which makes sense, since the retail sector is a strong one for MicroStrategy. **Oracle** and **Microsoft** are the other BI big guns, but haven't reportedly been encountered by PivotLink.

Instead, we're told **GoodData** and **Birst** are the only other players it sees, which we would expect, since both appear to be making solid progress in SaaS BI. We're surprised PivotLink hasn't bumped heads with **Oco**, since it also has an industry-specific hosted analytic portfolio and is an SAP BusinessObjects strategic partner. We also wonder whether the addition of predictive analytics will lead PivotLink to encounter **Quantivo**, which focuses on SaaS behavior analytics for marketing, retail and sales, for example.

Cloud9 Analytics, Bitam, We Are Cloud, Indicee and **Autometrics** are also in SaaS BI. **Actuate** is the latest on-premises BI player to jump into SaaS BI with BIRT onDemand.

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