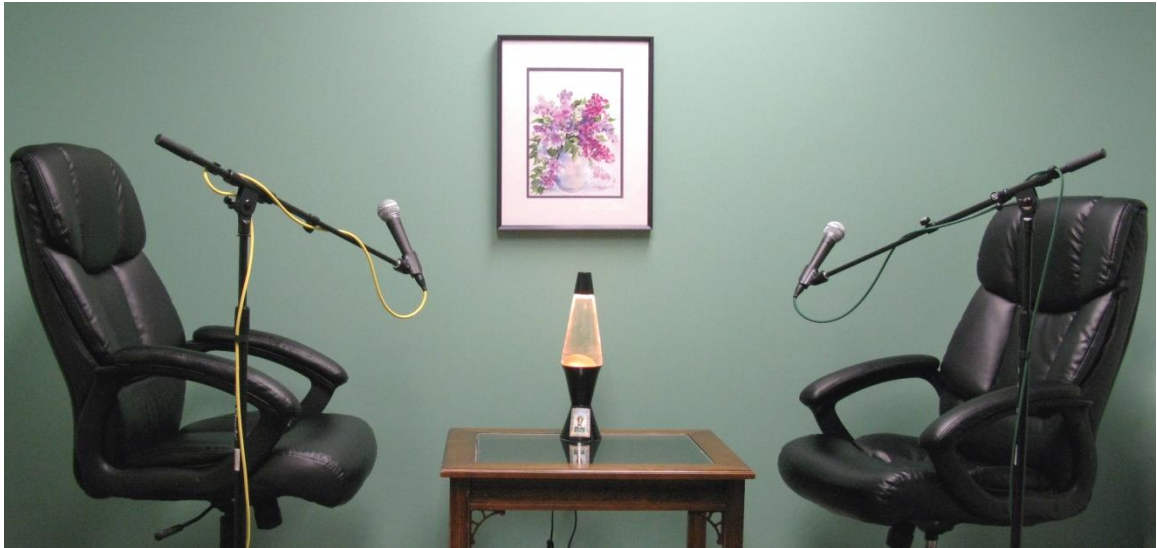




BBBT Podcast Transcript



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 Scott Opitz and Alex Elkin. Scott is the General Manager, and Alex is the Chief Technology Officer for Altosoft. Both were also co-founders of the company. Welcome to you, both.

Scott Opitz: It's good to be here, Claudia.

Alex Elkin: Hi, Claudia.

CI: Scott, let's start with you. Altosoft has undergone a rather major sea change recently. It was just acquired a company called Kofax. Let's just start there. Why don't you tell me a little bit about the acquisition, what does it mean to Altosoft? What does it mean to Kofax? And go from there.

SO: Sure, I'll be happy to. The company was acquired March of last year. Since then, we've been busy with integrating the operations of the organization, as well as looking for synergies between our product and the Kofax products.

As you know, Altosoft itself is an end to end BI platform, and so we continue to operate as Altosoft and continue to promote the BI platform in the marketplace and drive our own product development, product strategy and a number of our marketing activities.

Kofax is an organization, of course, is a much larger organization. They're publicly traded, approaching \$300 million in revenue.

They have a fairly diverse portfolio of technologies, but that all tie together into solving what they call the first mile problem of integration, which is optimizing the way that data can be gotten from clients and trading



partners and other business entities into organizations to get it into their systems of record so they can use it effectively. We fit into that, because one part of that puzzle, is, of course, the ability to have analytics, to be able to monitor the flow of that information and try to discover patterns and anything else that can be learned from that information.

CI: It sounds like a pretty good fit for your company inside the bigger mother ship.

SO: We think so.

CI: Also, nice not to have to worry about a lot of the overhead departments, let them handle that, as well.

SO: Yes, I wasn't sad to say that I didn't have to do finance or legal or HR anymore.

CI: I can imagine.

SO: Let the experts do it now.

CI: I can imagine.

Now, Altosoft's product is the Insight business and process intelligence platform. Why don't you tell me how that works?

SO: At its core, Altosoft is a full end to end BI platform. It does everything from data integration at the earliest stages from all the typical data sources one would imagine databases, web services, flat files, wherever data needs to be pulled from. Then does any transformation, computation and then ultimately delivers that up to the presentation layer so that people can get access to that information from reports and dashboards.

One very unique capability indicated is it's also what we call a process intelligence platform, which we see as the next natural evolution of BI, to take the data that you would normally be able to pull together with business intelligence, but now give it an additional context of understanding what that data means in the context of the processes that you use to run your business or your operation.



CI: We spent a lot of time defining, describing, what process intelligence was all about, and how it differs from the old BPM, Business Process Management. Why don't you tell me a little bit? Let's just start there, first of all, define what you mean by process intelligence and how does it differ from BPM?

SO: Why don't we start with the definition of BPM, what do we mean by that? Typically, what you think of as BPM, you think of it as being a technology or product.

There are a number of business process management products in the marketplace. Turns out actually Kofax that was a company it acquired was a company called Singularity, which offers a very strong platform in this area.

What business process management is intended to do is, for those business processes that you run your business on, where you want to be able to automate the flow of information or other resources from step to step and route it to the correct person, make decisions intelligently about how to vary the flow based on certain things like the size of an order, credit limit, or something else. This is a way of automating that.

Business process management really makes two promises to you that if you make the investment to do this, you're going to get two benefits from it. One is you would have an environment that if your business should ever change, rather than having to go back and recode your underlying systems of record, you go into the business process management system and then graphically redefine the flow of the process. As soon as you redeploy, those new rules will be in place.

The second part of it is that if you in fact are able to put all your processes under the control of this business process management system, if it's a good one, it's going to be able to answer some really interesting questions for you. It's going to be able to say how many processes are executed of a certain way, where they take a certain path, or what's the volume that may require a second level of approval, or what's the average turnaround time to get from one step in the process to the next step of the process.



The contrast for how we define process intelligence is, being a BI platform that offers process intelligence as a capability really doesn't do anything to address that first part.

We're not going to run your processes for you, we're not going to give you a graphical environment to therefore redefine your processes when your business changes, but what we are going to do is fully deliver on that second promise. That is to give you the ability to monitor your business processes passively, non-invasively, by just looking at the data that's left behind in your systems of record as you just normally execute those processes, and as a result of that, then we can give you the ability to do all types of analyses on them and analytics on them.

CI: There are two parts to process intelligence, two big capabilities that need to be involved. Explain those a little, just briefly.

SO: There is what we call process intelligence being really comprised of, as you say, two major elements. The first is what we would call process analytics. That would be the last example I gave you, which is, I have a multistep process. I want to know the average amount of time it takes to get from step three to step four. I might also want to say, "Well, what's the min, what's the max, define a range?" I might want to even analyze this in the way that I could say, "Well, when I generally have poor performing scores, is that happening on a certain shift, with a certain employee, or maybe a certain type of process transaction?"

That's the linkage, also, to the BI platform. I have all those standard things you would think of as being available in a good BI platform to be able to slice and dice that process data, but the process analytics is more about the numbers. It's about the turnaround times and measures.

CI: More traditional BI kind of metrics.

SO: Exactly, but without you having to do the work to figure out what to have to calculate. The process intelligence engine does that work for you.

The second part and one, which we're finding, is just of great interest to a number of organizations and especially given the history of our financial services market particularly over the last six years or so.



That's something that we call process quality or, maybe better defined as process compliance. Let's say that I have a particular process, and I'm supposed to perform this process in five steps that are supposed to go exactly one, two, three, four, five. They should never skip a step, never do them out of order, never repeat a step.

In fact, this is perhaps even a regulated process that's somehow tied to a statutory regulation. Because the different steps in the process aren't necessarily all managed by or governed by a single back end system, I have the issue that I don't have any one place to go and say, "Did we execute this process correctly?"

Even, by the way, if they were in a back end system, you'd have to trust that back end system had that sophistication to even be able to answer that question.

In our case, we have the ability to say, "Well, I can measure the quality of how you transacted that process, even when the data underlying the process is spread across multiple back end systems." I can tell you when you failed to perform a step that was required, when you did them out of order, maybe when you repeated a step too often. And again being tied into a BI platform, I could let you drill down and say, "Well, we seem to have a repeat of that step, always on the second shift for this type of an order, or for that type of a document or something like that," which allows me to go in and try to figure out what the root cause is and hopefully eliminate that problem.

CI: That, to me, is the real differentiator of process intelligence from business intelligence. It's that extra layer on top of the metrics.

SO: We like to think of it as providing the context. That it's the ability to say that I can understand more about what the data my BI platform is giving me. I can understand what it means though overall to the flow of the operation.

CI: Alex, you want to contribute to this?

AE: It is important to emphasize that the processes which business process intelligence can monitor are very often implied processes or de facto



processes. So, you may or may not have any BPM involvement, you may not even have a BPM logic in your business applications.

The structure of your process could be completely in your head or on a piece of paper on the wall. For our monitoring engine, it's irrelevant. As soon as you have things which happen in sequence, we monitor those sequences and make sure that they actually follow.

CI: Again, another key differentiator is, I may not know every activity in my process. I'm going to take a wild guess at it, but your technology allows me to say, "Wait a minute, they're doing things that I don't know about. I thought this was the process, but there are these other activities that they're performing that were unknown." Right?

AE: Yeah, that's correct. Whether you repeat the steps, keep the steps, you do the steps multiple times and so on, our system will show you what is actually going on.

CI: Yeah, along with all the metrics behind them. Excellent. Let me quickly go to an example, let me go back to Scott on this, can you give me just briefly one of your customers, how are they using process intelligence?

SO: One of the most exciting examples is what we're doing in the healthcare space. One of our organizations that we deal with is a large, what they call, integrated delivery network, very large health system.

They are very much about trying to optimize the flow of patients to make the whole patient interaction as best it possibly can, wherever they can. They actually undertook a project where they applied our technology to an emergency department.

What they wanted to, from the very first time that the person presented themselves into the emergency room, they wanted to monitor everything that happened to them until they ultimately were either admitted to the hospital or, hopefully, well enough that they were just allowed to go home.

In that case, a big part of that really represented a number of challenges. One was the data necessary to be able to understand that was spread



across multiple systems because, as they come in and they register, the data may be entered into admit/discharge/transfer system.

When they become a patient and you're administering drugs or ordering other activities like lab work or radiology, that sort of thing. That's probably an electronic medical record and so on, so there could be multiple systems involved.

When you start to look at the patient flowing through, you need to be able to go to those different back end systems to find those bits of data that will tell you that they proceeded from step to step.

In fact, one of the things that they learned, to your last question, they actually learned that some assumptions they made, with respect to how somebody actually flowed through, they actually missed a step that there was an extra step being done by the staff, but actually didn't come up in what they thought was the theoretical way of doing it. They got insight into a dimension of executing that process that they wouldn't have otherwise had.

The kind of results they get from this are, as a patient progresses through these different activities, they can see where they spend their time and potentially where they could perhaps be moved along more quickly, they might get somebody to and from radiology more quickly. Once the final set of tests are back, then how much time is going by until they are actually released, or that sort of thing.

They also can detect where steps were accidentally missed, so that something was supposed to happen at a certain time. Big thing today in hospitals is they want to avoid re-admissions, it's all about changing this healthcare cost. Right?

One of the biggest cost is when something goes wrong and a person has to come back. Things like monitoring, did they deliver what they call the discharge order instructions, that they went through the process of explaining what they're supposed to do when they go home. If that doesn't happen, they can detect that doesn't happen, they can see is it a training issue with a particular person who fails to do that or perhaps just an oversight, in some other way.



CI: And jump on it before the patient walks out the door.

SO: Ideally detect it and alert them to it before they leave the building, absolutely.

CI: Alex, back to you. There are a number of challenges. You've got enough customers now that I'm sure you've got some kind of pattern of what are the challenges to getting process intelligence implemented, getting it up and running. What do you see as the top one or two of those?

AE: The two major challenges for process intelligence is, first, the same challenges for any BI system -- how to get the data [and] representing the individual process steps.

The second is actually the same challenge as BPM systems had. Who knows the process model? Is there anyone in the organization who thinks he knows it? And second, how well he knows it? Right?

The way we solved those problems... In the first data access problem, since we have a fully integrated ETL engine analysis system. If you have the data, we will get them. If it is in databases, in systems, in files and services, we will get it one way or another.

The second problem is more interesting -- how do we get the process schema. What we do, instead of asking the user to define the schema which he won't do anyway, we actually show you what actually happens in the environment. We show you all transitions, which actually occur, and the only thing that you as a user will have to do yourself is to declare which of those transitions are legit and which of them are exceptions. Which is a very reasonable thing to ask a person.

Should the patient be moved to the room before or after triage. As a result, we reconstruct the process schema. Whatever we do that's based on the data is accurate. You may not like what you see, but it shows you what you actually have.

CI: Very interesting, so basically, a company shouldn't be afraid of this just because they don't know their own workflow, their own processes. They can take a stab at them or they can take a look at what you've already



collected and be able to say, "OK, now let me order them in the proper order and let's see how many times that happens."

AE: Exactly right. Moreover, since we're not trying a new process, we're just monitoring it. You might start with a very small number of key milestones.

You don't have to define all 200 steps you actually have in the process. You can start from three, five, e.g., patient enters the hospital, patient gets admitted, and patient gets discharged. Yeah, it may not tell you a lot of interesting stuff behind the curtains, but it's a good start. Then, you can add more milestones in the process as you get more comfortable, as you get more insight, and so on.

CI: Excellent. Scott, let me go back to you, what's the future hold for Altosoft and perhaps Kofax in general?

SO: Let me take the Altosoft part first. Altosoft, as I indicated, has continued to evolve as a BI platform. As you can tell, we're pretty passionate about this process intelligence stuff. We'll continue to raise the bar on that, and really be the pioneer leading that charge, certainly in the BI space.

You'll see a combination on that front, as well as other expansions of our product in the area of increased enterprise scalability and other capabilities to solve, what we see as the large enterprise scale problems for BI.

With respect to Kofax, it's pretty exciting. We have the benefit now of having Kofax, who although they are our parent company in some ways, we look at them as being our best OEM customer, as well.

Kofax has a number of solutions that they are building and deploying for everything, from the mortgage industry to solving problems in healthcare and a number of other industries.

We are looking for ways and have already launched several products where we're applying the Altosoft technology as an analytical extension to those solutions and so Kofax has been very open about its commitment to what they call the smart application space, and delivery of these solutions.



We could see that every smart process application that they produce or that one of their partners produces, certainly, will benefit from using our analytics as well.

CI: Excellent. A very bright future. I think I wrote a white paper for you, do you want to tell people where they might be able to find a little more about process intelligence?

SO: Sure. Yes, you did, we appreciate that.

CI: A little self-promotion here :)

SO: It was very good to have an objective view of it as well. Obviously, you can get very close to these things, and you want to make sure that you have customer perspective as well as industry analysts, who look at these perhaps more objectively than we do sometimes. Sometimes, we see them as our children.

In any event, the white paper is, in fact, published on the Altosoft website. If you go under the News menu item, it will still be the first link at the top.

CI: Alright. Thanks so much.

That's it for this edition of the BBBT podcast. Again, I'm Claudia Imhoff, and it's been a very great pleasure to speak with Scott Opitz and Alex Elkin of Altosoft today. Thanks to both of you.

SO: Thanks, Claudia. Great being here.

AE: Thanks, Claudia.

CI: I hope you enjoyed today's podcast. You'll find more podcasts from other vendors at our web site, www.bbbt.us. If you want to read 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!