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.

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Host:	**Claudia Imhoff**, President, BBBT
Guest(s):	**Darren Peirce**, VP Products and CTO
	John Evans, Director of Marketing
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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 Darren Peirce and John Evans. Darren is the Vice President of Products and the Chief Technology Officer and John is the Director of Marketing for Magnitude Software. Welcome to you both.

Darren Peirce: Thanks, Claudia. Great to be here.

John Evans: Thanks, Claudia. Good to see you.

CI: It's good to see both of you again. Magnitude Software, this is a somewhat new company. It was created in April of 2014 through the acquisition of Kalido and Noetix. Darren, I'm going to go you to first. Tell me a little bit about the company.

DP: Magnitude Software was formed through the merger of Noetix and Kalido back in 2004. As you say, yes, we're very much a fledgling company. But the roots of the company, both Noetix and Kalido, go back to the '90s. We have a large enterprise-customer base of over 600 customers, offices across six locations from the US to the UK to India. And, we provide enterprise information management software for leading customers across the base.

So, it's an exciting time for us to leverage the benefits, the skills, the organization, and then, recently, we secured the capital through our primary investor partner, Audax, to essentially grow the company both organically as well as through complimentary acquisitions as they make sense over time.

CI: Yes, you have quite a war chest. You got $100 million as I recall, right?

DP: That's a useful chunk of change, yes.

CI: Yes, it is. Yes, it is. John, let me bring you in to the conversation. Why don't we talk a little bit about the differentiators for the new company? If you don't mind, give me a little bit of an example of what you mean by each differentiator.

JE: Sure. We offer capabilities in really three market segments of the enterprise-information-management market around operational business intelligence, data warehousing, and master-data management. Across those three, there are really three buckets of categories of differentiators, let's say.

One is around automation. That's a core part of our technology. A couple of examples around that would be around source-data discovery. Our operational BI products work against ERP systems. We understand what data's in those systems and can bring that information together to quickly enable an operational BI-reporting type of an application.

Another example of automation would be in the area of modeling. We take a model-driven approach to building the data warehouse, building the master-data-management environment, everything from the design to the builds, as well as the ongoing operation of those systems.

The second area is in the area of reuse. For example, on our operational BI products, we offer prebuilt integration and reports that can get people started quickly to analyzing the data and reporting on the data in their enterprise applications, but also provide a capability for people to be able to customize those reports and create additional ones.

There's a lot of reuse that takes place there that saves time and effort for people to build applications.

The third area is in the area of governance. This is another important point for us across our applications. We provide governance capabilities, data-stewardship capabilities, the ability to model and control those models over time, and diversion-control the models. It's pretty critical in our master-data-management and our data-warehousing area.

There's built-in workflow. There's security. There's audit capabilities. We also keep track of history, so that we always know what data looked like at any given point in time and can create a review or a report at a point in time, or as of the current time, or even in a future state, as you're getting ready to do a reorganization or roll out new products.

Those three categories of automation, reuse, and governance really permeate throughout our solution offerings.

CI: One of the things that Kalido has always been known for is its model-driven design. That's core to your entire offering. What are the benefits of this model-driven approach?

JE: That's right. The business-information model behind the Kalido products is a critical part of what enables us to deliver on the automation, the reuse, and the governance that I just talked about. It is really what's behind our ability to accelerate the time to go live, accelerate the time to deploy a solution, to keep the costs down, and to reduce the project risk.

The modeling is critical because, one, is that it facilitates collaboration between the people who are putting together the system, typically on the IT side, and the consumers of that system, so the business, let's call them. They have historically not had a common language. You put together a logical model in front of a business person—they may or may not understand what's going on.

But if you can put together a conceptual model that they can easily understand—it's all in English, there's vowels, there's no underscores, it's easily something somebody can look at and immediately understand what's in their database, what's in their data warehouse—that's going to make getting to where you want to be that much faster.

There's an element also of facilitating the ability to capture the requirements. That's another thing that model-driven environment brings. But it extends far beyond just designing the system. We also automate the build-process, as well.

Once you have that business-information model, our model-driven automation will generate the physical structures for where you land the

data, where you store the data, how you put it into a form that's suitable for reporting and, even, can extend out to the BI semantic layers for tools like Business Objects and Cognos, that require that data be in a certain format before you can actually create a report or a tale.

So there's the design, there's the build, but then there's also the ongoing operations. Things change in your business. You're going to need to reorganize. You're going to acquire a business. You may spin off a section of the company. Things are always happening on the business-side that need to be accommodated in your analytics.

With our model-driven approach, we can make those changes at the model level, and it'll ripple through that physical infrastructure so that you can very rapidly get the information in the hands of business users in the form they need it at a time they need it.

CI: What I like about it is, as you said, it promotes collaboration between the business users and the more technical folks creating the data model itself. It also really enhances productivity through the automation capabilities, right?

JE: Yeah, it enhances that productivity. Also, because you're able to engage with the business-side early in the process and throughout the process, you can do it an iterative prototyping-type style where you put something in front of them quickly. You can confirm or deny whether that's what they said or what they wanted.

Sometimes, what they said is what you did, but that's not what they wanted because they said it differently, or something has happened that needs to be adjusted. So you don't have to build your enterprise-data model before you do anything. You can start small, you can iterate and you can evolve, delivering value as you go.

That's what builds up confidence in what you're delivering as an IT department and also reduces project risk, because you are in a better position to deliver what the business wants the first time.

CI: I agree. Darren, let me go back to you. You stress your master-data management capabilities. However, something that's coming into our world now is "Data as a Service," if you will, some kind of "Data as a service." Do you see that capability competing with your offering or is it something that may complement it?

DP: That's a really interesting question, Claudia. I absolutely view it as complementary. I believe that, over time, more and more third-party-service providers—whether they be open data standards as they're emerging, as well as some of the for-profit enterprise providers of data aggregators—will be able to augment and enrich the data.

But the heart of the challenge is you always have to integrate that external data with your internal systems and representations of the structures. The role of MDM is really about performing the integration functions. We welcome more and more enrichment providers in the enterprise because at the end of the day, it'll make the value of the master data and reference data more powerful.

CI: Interesting. Well, let's get back to your current offerings. What are the current capabilities? You mentioned a whole bunch of expansion areas that you want to move into. Maybe you could talk a little bit about them as well?

DP: Sure. Today, we essentially provide capabilities in data-warehouse automation, operational BI, master-data management, and analytics. When we install those technologies in customer sites, we very often get requests for complementary technologies to be able to provide a more end-to-end solution for the entire business problem at hand.

Those incorporate things like provisions of connector infrastructure, quality technologies, and real-time connector infrastructure and adapters for other systems. But it also deals with process automation between systems, such that we can orchestrate the workflows across those applications.

Today, in a customer site, we end up having to rely on third parties, both at the system-integrator level as well as at a technology level. One of the reasons why we secured the capital that we did to grow the enterprise

was to be able to provide those capabilities out-of-the-box as a tightly integrated offering to the business.

CI: Brilliant, it really is. John, back to you. One thing that caught my eye is the idea of proactive master-data management. If you don't mind, what do you mean by that? Because the tagline for it, I thought, was stunning. The tagline is, "Clean the rivers, not the lake." I think everybody knows what we're talking about here. If you don't mind, talk about proactive master-data management.

JE: If you've been an organization that's been around for a while or you've already got data in your company that's running business processes and feeding your analytics, and you decide, "Well, the data isn't very good. I'm going to go do MDM now. I'm going to try and clean this information up," you're facing a pretty gargantuan task. You've got to start somewhere.

People typically start with a given domain. They might start with their customer data or their product data, or they might start with reference data because that's something they get from outside and so it's a mapping and matching exercise, and not terribly intrusive, necessarily. But over time, they want to start cleaning up that information. It's a huge effort.

If you've got a lake, or a large body of water that's very dirty, it's quite a challenge to get it all cleaned up. The concept of proactive MDM is setting in processes early in the life cycle of the data so that, if you can assure that you're inputting good data in the first place, it's eventually going to wend its way into the lake, but it's going to be in a cleaner state.

The first step in doing this is to understand where you are. You can look at statistics that are out there about how long it takes for data to degrade. What's its half-life? Things like email addresses change all the time. People move. It's a simple example, but companies get renamed and reformed, for example. There's things that are going on. That happens over time.

If you could set up trigger points to check for that, then you're having a cleansing process that's occurring early, before the data starts getting

used in business processes. That's what it's about. The idea is to be able to create more process-centric MDM-type applications that would allow somebody to, for example, do a new product introduction.

Do that in the MDM environment, and then populate the vendor system, the supplier system, the manufacturing system, the sales system with that clean, consistent, and accurate information early in the process as opposed to trying to say, "We're in a hurry. We're going to get it done. Let's just put it in and deal with it later."

That's where you start to get into problems where it becomes intractable in the organization and difficult to cleanse. This concept of smaller streams feeding larger brooks and rivers and flowing into a lake is really the thought process we went through.

It's like, "How would we describe what you need to do to get the cleanest data possible in the outcome?" It's really that concept of starting early and being process-centric that we're trying to promote.

CI: Yeah. Darren, let me end with you. We've got a minute or so left. What do you see as the future of Magnitude Software? Where are you going?

DP: Well, Claudia, that's obviously really exciting, which is why we're here. There are many aspects to our future. I think in the near term, at the heart of the company, we've got a lot of innovation that takes place, but customer success is paramount. We work very closely and have a dedicated organization, which is all about making sure that our customers are getting value out of our technology.

At a near-term level, our focus is on continuing to deliver value for our customers and increasing the value that they can achieve through our technology. As we evolve the road map and as we're looking a little bit farther down the path, we've been working on a number of key areas of innovation.

One of those is to bring the foundational capabilities that we introduced with the NoetixViews operational-BI platform to expand that to our next strategic source systems. We're working hard to bring the same value that

we deliver today for operational BI, for technologies like Oracle E-Business Suite, to other core well-deployed strategic platforms.

The second part of our strategy on the median term is to really try and fundamentally rethink the approach to how data, analytics and BI is delivered in the enterprise. The predominant forces today either advocate for a data lake, advocate for a self-service BI, or a data warehouse. Each of those three paradigms has a challenge.

We believe there's a tremendous opportunity to provision something which really balances between each of those three architectural styles and delivers the level of self-service and efficiency with grades of governance that allow you to expand to a more controlled and rigorous environment.

So there's a lot of innovation happening on the technology side. Finally, and equally important, we've got a very focused set of investors in our organization which is driving the organization to achieve its commercial goals. We closed last year with a 10-figure EBITA, which is a significant achievement as an organization. The company's growing steadily and bringing on board new customers.

I think as we go through that transition, as we look towards implementing our strategic goals, continuing to service our customers, and achieve our aspirations, we'll stay absolutely focused on running the business as a business.

CI: I love the idea of different levels of governance. Everybody needs that, must have that. You're spot-on with that.

Well, unfortunately, that's it for this edition of the BBBT Podcast. Again, I'm Claudia Imhoff. It's been a great pleasure to speak with Darren Peirce and John Evans of Magnitude Software today. Thank you both, again, for speaking with me.

JE: Thanks, Claudia.

DP: 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!