

REPORT REPRINT

With series A funding, Outlier doubles down on automated business analysis

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The purveyor of a self-styled automated business analysis platform is fueled with series A funding and within its latest release, root cause analytics, in order to better address organizational requirements to expose unexpected insights and the reason behind them.

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Outlier AI recently landed \$6.2m series A funding and, with the addition of root cause analytics, is looking to reinforce its position as a provider of an automated business analysis platform underpinned by machine learning. Outlier's offering is all about automatically serving up unexpected insights and their causes so individuals don't have to search for root causes in dashboards or hire additional analysts to carry out large-scale anomaly detection and analysis.

THE 451 TAKE

Outlier's business is developing quickly. The startup's customer base appears to have expanded and altered since our previous check-in in April, when it cited a dozen customers, mainly in e-commerce, using its offering to analyze consumer behavior. These days, Outlier reports a preponderance of Fortune 500 enterprises as accounts and an expanded set of use cases, including tracking prescription purchase types and discovering fraudulent patterns in credit card use. However, while Outlier has early-mover advantage in addressing a genuine corporate pain point, we expect the startup to see increased competition as other vendors move into this territory by either releasing stand-alone offerings for anomaly detection and root cause analysis or incorporating these capabilities into their existing analytics platforms.

CONTEXT

Outlier is a three-year-old startup that has entered the analytics market with a machine learning-driven platform designed to provide C-level executives, line-of-business users and analysts with four of five key insights they didn't already know, in the form of 'stories,' with visualizations and narrative-based explanations.

Outlier didn't provide visibility into the root cause behind these data anomalies until earlier in October, when the vendor introduced a root cause analysis feature. Furthermore, Outlier is now actively marketing its offering as an automated business analysis platform, and seeking to cement its presence in this emerging category using its recent series A funding.

FUNDING

Outlier raised \$6.2m in series A funding in July. The round was led by Ridge Ventures (formerly IDG Ventures USA) and included 11.2 Capital. Outlier's existing investors First Round Capital, Homebrew, Susa Ventures and SV Angel also participated, taking the startup's total funding to \$8.6m.

Outlier is investing its series A funding in product development, as well as sales and marketing, noting that its engineering team has doubled since April, and it now has a go-to-market team. The startup's headcount has increased from eight employees in April to 14 currently. Outlier also now cites 15 paying customers and a surge in demand in the past six months.

PRODUCT

Outlier's AI powered automated business analysis platform was built to automatically crunch through a company's structured data (i.e., numbers) using internally developed machine learning algorithms to find outliers and anomalies. Outlier presents them as 'stories' designed to be easily digestible by business personnel.

Stories can elucidate data-quality issues, trend analysis or more complex relationships between customer segments and metrics. They use a combination of graphics and textual explanations for additional context and are delivered in an email to a user's phone or via Outlier's website. The idea is that people can start their day by looking at the five key insights that matter to them most, typically in an email.

Outlier found that organizations also wanted to determine the root cause behind these unexpected insights in order to know what next action to take. Outlier worked with existing customer Lyst – one company looking for this capability – to develop root cause analysis as a feature.

Outlier's root cause analysis is a recursive version of analysis. It doesn't make any causality. Instead, it is all about making the reason for the anomaly faster and easier to ascertain, so users no longer have to jump to Tableau, or another popular dashboard tool, to drill down into the root cause.

Additionally, Outlier has expanded data source support in a bid to further underpin its strategy to serve up an automated business analysis platform that can look across any structured data set. Outlier now supports Amazon Redshift Spectrum, Google Ads and Apache Druid, so it can now work on all Amazon S3 data that is exposed through RedShift, provide broader integration with Google's offerings and work with event-based data in Druid. Outlier also supports any SQL-compliant database.

Outlier's primary go-to-market strategy is as a multi-tenant cloud service available through the vendor's cloud hosting provider. That said, the offering is also available on-premises. Pricing is based on the number of integrations an organization wants to make.

COMPETITION

Outlier is an early market entrant into the automated anomaly detection sector, which is sometimes called augmented analytics. Anodot and Stories.bi are the only other pure plays we are aware of that address this area. A key difference between Outlier and Anodot is the former isn't focused on real-time use cases, whereas the latter is.

Stories.bi was acquired by Workday in July. Workday hasn't yet unveiled its strategy for Stories.bi. But we suspect the acquirer is likely to integrate Stories.bi into the Workday platform in a similar strategy to Salesforce when it acquired BeyondCore, which we also view as another Outlier competitor.

Outlier is seeking to differentiate its offering from Workday's, Salesforce's and the Virtual Analyst in Adobe Analytics, which is also potentially competitive, through an ability to work across a variety of databases and cloud platforms.

Outlier's competitive positioning against Tableau and Qlik is an interesting one. Outlier notes that it is not trying to compete against these and other purveyors of dashboards, nor replace them. Instead the startup is looking to augment them with automated business analysis.

However, Tableau acquired Empirical Systems in June to bring automated data insights to its analysis platform, so is heading into Outlier's territory. Furthermore, Qlik has delivered augmented intelligence in Qlik Sense through the debut of Insights Advisor, which doesn't match Outlier's capabilities right now but could do in the future with the addition of statistically significant insights.

SWOT ANALYSIS

STRENGTHS

Outlier has early-mover advantage in a sizzling sector full of potential given the fast-paced nature of business change, which requires immediate insights in order to swiftly adapt to alterations in business and customer behavior.

WEAKNESSES

'I love my dashboard and I'm not giving it up.' Many people are wedded to their dashboard and will be resistant to an offering that doesn't involve a dashboard - particularly from a relatively unknown startup.

OPPORTUNITIES

Outlier has more VC fuel in the tank to develop its offering, raise its profile and get its message out to maintain its position as a market disrupter and innovator.

THREATS

Tableau and Qlik are starting to encroach on Outlier's territory. We expect other analysis vendors to follow. Furthermore, Workday, Salesforce and Adobe also present alternatives for certain use cases, making Outlier's competitive environment tougher than when it first entered the market in 2017.