

REPORT REPRINT

Outlier bolsters comprehensibility, sharing and breadth of business-friendly statistical insight

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Introduction

Outlier continues to forge ahead in delivering AI-driven analytics to its target audience of business users, who typically require statistical insight but don't have smarts in data science and analytics. The startup's offering, which automatically generates three or four of the most important and unexpected insights for the C-Suite – typically delivered in a daily email – has been enhanced since our previous check-in with management, when root-cause analysis had recently been added.

451 TAKE

Outlier is listening to what its customers want – recent improvements were introduced in-line with client requests, which is to be applauded. Furthermore, the startup has come a long way with relatively little investment, as the size of its customer base exemplifies. However, further funding might now be appropriate to accelerate Outlier's growth – particularly since it is now operating in a competitive environment, which wasn't the case a few years ago. We also suspect that Outlier will receive acquisition offers this year – if it hasn't already – given the trend of folding capabilities to automatically discover unexpected changes and patterns in corporate data, in a business-friendly manner, into analytics platforms.

Context

Outlier has had its head down, improving its self-styled business analysis automation platform, which automatically delivers anomalies and their causes to business users in 'stories' composed of visualizations and narrative-based explanations. The four-year-old startup formally launched itself into the vibrant but now crowded AI-driven analytics sector in March 2017, when its business analysis automation platform became generally available.

Outlier's offering, which is delivered as a cloud service, is essentially designed to provide statistical insight, without statistical smarts. Rather than employ data modeling and an ETL process to generate analysis to alert the C-Suite and other business personnel when something unexpected occurs in their corporate data (or get analytically savvy individuals to carry out statistical analysis on business users' behalf to achieve this objective), Outlier does it automatically. Outlier's offering involves a machine-learning-driven approach, drawing on the vendor's intellectual property in AI, modeling, detection, clustering and filtering.

Outlier continues to carve out a presence mainly in retail and e-commerce, financial services, and pharma – target markets that the vendor addresses through a horizontal offering. Outlier cites an account base of 20-25 customers, noting that it also has clients in other markets, but views these four verticals as providing the foundation for future growth.

Credit card fraud is an example of a fresh customer use. Outlier is used by a chain of gas service stations to crunch through and statistically analyze a series of credit card transactions. It finds unusual spikes in activity, which it alerts the gas service station's credit team to graphically and narratively, in addition to providing visibility into the root cause of it.

Product strategy

Outlier alerts business users to pertinent data anomalies and their root causes, typically in a daily email so that they can start their day by opening up their email and looking at three to five anomalies in a user-friendly format. The company finds that executives often start their day by reading through email on their way to work, and has redesigned the front-end client to work better on smartphones.

Outlier has also made the unexpected changes and patterns in data it serves up easier to understand by reworking charts and root-cause-analysis features. Management notes that the offering is increasingly employed by novice users, so an accurate understanding of insights has become even more critical, prompting it to make nuances more obvious, as well as more interactive and logical.

Furthermore, Outlier is increasingly used as both a communication and insight hub, according to management. The vendor has therefore revamped commenting functions and developed an email workflow to support its use as a communication hub. The firm notes that customers are also now taking screenshots of the insights Outlier generates in order to share them. One-click access to PDFs is an example of an improvement made to facilitate sharing of insight in an easier way. Outlier 'stories' are also now PowerPoint-ready, in order to enable them to be shared more easily. Furthermore, users can now grab a link and share on it on Slack to facilitate sharing and collaboration.

Finally, data source integration has been – and continues to be – a core focus. When Outlier started out, customers were typically wanting insight from three to five data sources maximum. Management notes that this figure has increased to at least half a dozen, which it continues to support in a user-friendly manner as part of a strategy to enable business users to set them up themselves. Out-of-the-box integration with Snowflake and Google BigQuery are the latest additions on this front.

Competition

Outlier is most frequently compared to Anodot – the two startups are the most high-profile pure-plays in the automated anomaly detection and analysis sector. However, the key difference between them is that Anodot delivers real-time insight and Outlier purposefully does not. Indeed, Outlier notes that if a company is looking for real-time anomaly detection, it will recommend Anodot.

A couple of years ago, Outlier and Anodot were the only specialist vendors in their sector. However, startup activity has blossomed with Codepan and Stroom.ai – other young guns in this sector, albeit with a focus on real-time use cases.

Enterprise big guns are also offering anomaly detection as part of a broader analytics platform. Salesforce Einstein Analytics is a prime example. Google Analytics also houses this type of analysis and is another potential competitor in certain vertical markets. Indeed, we expect vendor activity to escalate as AI-driven analytics of Outlier's ilk is incorporated as a function into analytics platforms in order to address business users' need for them.

Additionally, RapidMiner provides anomaly detection as an extension package through the company's marketplace, while Dataiku provides it as a feature of the firm's data science platform. Mixpanel also houses capabilities similar to Outlier's, and is a potential rival when analyzing user behavior across websites and applications.

SWOT Analysis

STRENGTHS

Outlier is one of the most high-profile vendors in its sector, with a growing customer base to underpin the claims it is making for its fresh approach to analysis.

WEAKNESSES

Business users (Outlier's target audience) still love dashboards, which are likely to be furnished with similar functionality in future.

OPPORTUNITIES

Having raised \$6.2m in series A funding in July 2018, it could be time for the startup to land some additional capital.

THREATS

Market dynamics suggest Outlier's competitive environment is going to get a lot tougher and more cutthroat in future.