

Armed with a \$14.5m cash injection, Oco seeks to make a name in SaaS for BI

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Now in growth mode, **Oco** plans to double headcount in the next six months and continue ramping up its customer base in a bid to take its managed service for BI, which sports reporting, analytic and integration functionality, onto a more central stage.

Impact assessment

The message

Oco is making a name for itself in the emerging market of SaaS in BI with a platform that incorporates integration, reporting and analysis.

Competitive landscape

SaaS is starting to infiltrate BI. SeaTab Software has a hosted BI service, as does Verix (formerly Business Events) and LucidEra. SAS Institute has had hosted BI services for about a year. But Business Objects is really the only other incumbent to have demonstrated interest in the SaaS model so far, although that's likely to change. Cognos, MicroStrategy and NCR's Teradata division are reportedly most often encountered by Oco in competition.

The 451 Assessment

With its first VC money now in the coffers and an experienced CEO at the helm, Oco is poised to make a big splash in SaaS for BI. We like the fact that it offers a no-questions-asked money-back guarantee if a customer is not satisfied since it will undoubtedly go some way to assuaging customer concerns over trying a new approach to BI from a pretty unknown provider. However, we believe it is only a matter of time before more BI big guns march into this space bringing market validation but also creating more competition.

Context

Short for the founder's surname, Oco was incorporated in 1999 by George O'Connor, who now serves as chairman following the appointment of William Copacino as president and CEO in December after a year-long search. Copacino was formerly group chief executive for global business consulting at **Accenture**. Before founding Oco, O'Connor spent three years as CTO and director of investor relations at leverage buyout firm Watermill Ventures.

Executives are unwilling to divulge the total amount raised so far. But we do know that series A and series B were seed funding rounds to finance a 15-person development team for the first six years of its life and that this money came out of the pockets of O'Connor and other private individuals. O'Connor and other private individuals also contributed \$4.5m to Oco's latest \$14.5m series C round. The majority of the money in the latest round (\$10m) came from its first VC – **Highfields Capital Management**. Oco's management wants to use the money to expand its customer base and build greater market presence.

Oco has about 30 customers, having reportedly added nine accounts in the past year with retailers and multichannel marketing firms predominating in its installed base. It has about 30 employees and plans to double in size over the next six months in order to meet a reportedly escalating demand for its SaaS BI platform, which is hosted out of a **Savvis** datacenter near its headquarters in Waltham, Massachusetts.

Technology

Oco's managed service for BI is underpinned by an internally developed proprietary platform that's designed to provide all the necessary data integration, analysis and reporting elements for business intelligence. Oco handles the cleansing, harmonizing and integrating of data via its homegrown ETL and mapping tool, which enables the population of a proprietary but flexible schema known as a master file.

Data mapping, cleaning and normalization reportedly takes one week of the six-week implementation process, partly because Oco's schema has more than 60,000 pre-built views that are designed to make mapping fast. The same proprietary schema is deployed to all customers. And the platform is designed to handle all information about different types of customer data in the same schema – even reportedly when it conflicts. That said, Oco uses a single tenant model so each customer has their own implementation. Customer's data comes mainly from **Oracle** and **SAP** applications, although the platform can reportedly deal with any data type so long as it has a data tag.

The platform can run on Oracle and **IBM DB2** databases and typically handles about 1-2TB of customer data – although it can reportedly extend to 20TB.

The platform contains an internally developed query engine, but ad-hoc queries are built into its master control reports which are assembled using the role-based and Web-based front end. Executives contend that the GUI is sufficiently well designed and intuitive that there's no need for hard-copy documentation or online help to get end users up and running on it.

Products

Having been under development for more than five years, the core technology platform is now in its seventh release cycle and is deployed as one turnkey Web-based managed service for reporting and analytics.

Oco reporting includes 65,000 pre-built reports and 500 KPIs with drill-down menus to define the range and scope of the report. Dashboards display KPIs and highlight exceptions,

and there's also an alert feature that notifies end users of business events such as inventory issues or back-order delays as part of the managed service.

Oco promises to give customers a full money-back guarantee if they are not satisfied with the implementation, which takes about six weeks under a fixed time/fixed cost agreement. Installation is \$250,000-400,000 and there's a monthly maintenance/management fee of \$5,000-10,000 on top of the initial fee.

Competition

Cognos in conjunction with IBM's acquired **Ascential Software** integration wares, and Accenture followed by **MicroStrategy** in partnership with **Teradata** are most frequently seen in bake-offs, according to management. This broad range of competition is intended to show that Oco can provide the consulting and warehouse-based analytics and reporting all in one managed service, whereas the most direct alternatives involve at least two vendors.

That said, **SeaTab Software**, **LucidEra** and **SAS Institute** are, we believe, competitive at some level since all three deliver BI using a SaaS model. **Verix** is slightly different in that it targets pharmaceutical and consumer packaged goods companies with a hosted offering for large-scale exception analysis that is fed mainly by databases specific to these industries.

Oco contends that SAS' SaaS offerings are highly customized while SeaTab's provides only a semi-custom offering. We feel that LucidEra's hosted BI service is perhaps the most directly comparable to Oco's because it has an ETL as well as data cleansing component – although it is still in beta.

Aside from SAS, **Business Objects** is likely to be the other incumbent that makes a foray into SaaS this year using the engineer experience, subscribers and hosted platform it gained from the acquisition of **Nsite Software** late last year. Other BI incumbents have also hinted that they are dabbling in SaaS.

SWOT analysis

Strengths	Weaknesses
The new sum raised from an external investor demonstrates VC faith in the company's future. Oco's money-back guarantee shows belief in its technology.	SaaS in BI is still an emerging unproven market that more conservative customers are unlikely to risk trying – particularly when it is delivered by a startup.
Opportunities	Threats
New funding provides the chance for much-needed profile-raising activity as well cash to flesh out organization infrastructure to take it to the next level.	Other well-established incumbents apart from SAS are likely to enter the SaaS BI fray in the next year, led by Business Objects and its acquisition of Nsite.

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