

StrikeIron offers Web services for business use cases, focuses on data-quality roots

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StrikeIron still sells individual Web services for tasks such as sales tax calculation, foreign exchange rate calculation, US census information, and name and email verification, which was the business it was in when we last covered the company in March 2007. But StrikeIron is now placing more of an emphasis on bundling pre-integrated Web services with aggregated content and consistent user interfaces for specific business needs. Real-time data-quality services are reportedly proving to be the most popular, which figures since the eight-year-old firm cut its teeth in data cleansing.

The 451 Take

The emergence of real-time data-quality services as StrikeIron's most popular prepackaged offering represents somewhat of a 'back to the future' scenario, as StrikeIron's original product was an address-verification service. That's not a bad thing. But we think the company needs to work hard to differentiate its packaged services for data quality since this market is now largely owned by data management big guns. These behemoths may not offer quite the same services, but they have the arsenal to deliver such capabilities if required.

Context

StrikeIron now markets itself as a 'data as a service' provider that serves up cloud-based services and APIs via the Web so that users can customize and integrate the data sources and attendant functions into websites, applications and business processes. While this positioning isn't such a radical departure from the company's former standing as a provider of Web services via its own hosted marketplace, the difference these days is that StrikeIron tends to engage with accounts and prospects around the delivery of these Web services as a packaged offering for a particular need. The shift in go-to-market strategy reportedly arose from the fact that a particular set of services – initially in the customer data-verification realm – were receiving strong uptake.

StrikeIron's management has also changed a little since we last caught up with the company. Cofounder Bob Brauer, who also founded DataFlux, a data-cleansing firm that was acquired by SAS Institute during one of the first waves of consolidation in the data-quality sector, is now chief strategy officer following the appointment of Sean O'Leary as CEO and president in June 2010. O'Leary was formerly VP of sales, marketing and business development at mobile vendor TapRoot Systems, and his appointment coincided with the announcement of

fresh funding. StrikeIron landed \$1.7m in a fourth round of funding led by existing investor Ascent Venture Partners, with participation from Aurora Funds and NC IDEA, which invested in previous rounds. The cash infusion took StrikeIron's total funding to \$14.5m.

Products

The debut of the Contact Record Verification Suite in early 2010 kicked off StrikeIron's foray into prepackaged Web services built with business use cases in mind. The company also brought to market a dedicated offering for contact validation and verification for healthcare providers, including patient verification facilities, earlier this year.

StrikeIron says it also now has an e-commerce offering and an opposite number for the communications sector, which have been discussed with customers but have yet to be formally launched. One of the main reported objectives behind all of these offerings is to enable sales staff to take a more consultative approach to a deal by suggesting services to prospective customers based on a given usage scenario.

The Contact Record Verification Suite is designed to be a single destination for data cleansing contact information so that customers don't need to go to multiple places to update contact information or perform updates, since they are delivered as a real-time service in the cloud (see below). Like the other offerings in this portfolio, including the Contact Verification Suite for HealthCare, the Contact Record Verification Suite also comes with relevant aggregated data sources. Most customers tend to start with address verification and then roughly six months later move into cleansing phone numbers and emails. StrikeIron taps SAS/DataFlux and Informatica's AddressDoctor global name and address-cleansing software to deliver contact verification, as well as information from the US Postal Service, for example. Address data is pretty global and supports more than 200 countries, as does email information. Phone numbers are largely North American-only.

StrikeIron says the communications package is primarily built around its SMS offering, which is designed to enable the instant sending of text messages to opt-in mobile phone users for the purposes of corporate alerts and notifications. It can also be bundled with the Contact Record Verification Suite so that a customer could, say, verify that email addresses are correct before using email as another mass communication channel. The e-commerce offering comprises the Contact Record Verification Suite plus sales tax rates, foreign currency and SMS services for opt-in shipping notification because these Web services are reportedly the most relevant to e-commerce.

Technology

The StrikeIron platform is the enabling technology behind the prepackaged offerings. In effect, data is brought into the StrikeIron platform, where it is standardized and normalized, and then packaged into Web services.

IronCloud is a key piece of this stack since it drives the real-time delivery of Web services. Housed in SAS 70 Type II-accredited datacenters, in addition to having other built-in security features, IronCloud has usage-metering features, provides Web service

normalization features, and has built-in redundancy and load balancing. IronCloud also supports a number of different protocols including SOAP, REST and HTTP, in recognition that API access needs to be handled in a number of ways.

The company's Web Services Marketplace Platform is another key piece of its stack. The cloud-based platform handles usage tracking, which is key since subscriptions are based on a so-called hit, which refers to a counter that is decreased every time a subscriber invokes and accesses a Web service. The Web Services Marketplace Platform also handles metering, logging and billing, in addition to exception handling and protocol reconciliation. It was StrikeIron's flagship offering back when the company acted as a clearinghouse for its own Web services and those developed by third parties. Other key features in the cloud-based platform are a gateway that essentially channels the Web services to client applications, user management, and administration.

Customer/sales model

StrikeIron says it now has more than 800 active accounts – the company claimed 500-600 customers when we spoke with management in 2007. It has the same number of ISV customers – 40 – that it had in 2007, although some logos have changed. ISVs reportedly now range from small e-commerce outfits that use a Web service to, say, calculate sales tax and another to ensure that a shipping address is correct, to Fortune 500 firms that perform transactions within their websites using StrikeIron's wares. Management says broader deployment among larger companies has meant that the company is now signing six-figure deals. That said, entry-level deals with smaller customers remain in the \$1,000-2,000 range.

StrikeIron also now sells to customers via direct telesales, where previously it used an exclusively indirect sales model, which is in part responsible for the increase in headcount. The company now has almost 30 employees, compared with about 20 in 2007. That said, partner channels reportedly continue to play a vital role in its sales model. StrikeIron's latest partner is Tomax, a purveyor of real-time merchandising and store execution applications and services. Tomax is using StrikeIron's data-quality services to provide its retail customers with valid and accurate information on their customers.

Pre-integrated Web services in business applications are also reportedly shaping up as a strong sales avenue. StrikeIron's Web services are integrated with salesforce.com, Oracle CRM On Demand, Microsoft Excel and Microsoft CRM. The company's Contact Report Verification Suite is also integrated with Informatica Cloud and is available as an Informatica plug-in via the Informatica Marketplace.

Competition

We think Clavis Technology is StrikeIron's closest competitor. Why? The data-quality startup, which was founded by ex-Similarity Systems founder and CEO Garry Moroney, serves up data-validation Web services based on industry standards, retail-specific data and business-specific data. It also enables users to invoke these services from within an application or Web form, and uses a SaaS delivery model.

Although they are StrikeIron partners, we think IBM, Informatica, Oracle and SAS/DataFlux are also competitive in data-quality and Web services-based data integration. Informatica, which acquired Similarity Systems in January 2006, has data-validation services within Informatica Cloud and in Informatica Data Quality Cloud Edition for Amazon EC2. Harte-Hanks' Trillium Software data-quality division also has a SaaS delivery model for its cleansing and profiling wares, as do Pervasive Software and Talend. That said, these players don't have the same range of arrangements with data providers to bring aggregated information for tasks such as data cleansing, sales tax rate calculation and currency calculation to the table. Finally, we believe TIBCO Software, via its acquired Netrics data-quality software in tandem with TIBCO Silver Cloud and other real-time technologies, has the potential to offer something akin to StrikeIron, as does SnapLogic via its OEM partnership with Trillium.

SWOT analysis

Strengths	Weaknesses
StrikeIron has a broader product portfolio than it did a few years ago, as well as the ability to turn the upswing in cloud computing, SaaS and PaaS delivery models to its advantage.	The company needs to stay ahead of the curve because data verification in the cloud – a core focus these days – could easily become a commodity. It could also work on global support when it comes to cleansing phone numbers.
Opportunities	Threats
Prepackaged Web services have the potential to increase deal sizes and make StrikeIron's business less of a high-volume game. They are also likely to appeal to existing customers.	While we are aware of just one other vendor – Clavis – that comes close to StrikeIron's offerings, the data-quality segment is largely owned by data management giants that are the result of market consolidation, making the going tough for smaller players like StrikeIron.

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