



Digging for Gold

By Dominic Gates

Issue Date: Jul 30 2001

DigiMine hopes to strike it rich through data mining.

If you want to sell businesses a service over the Web, pick something heavy and ugly that they'd rather not handle themselves. Say, for instance, mining mountains of data over the Web. That's the aim of Bellevue, Wash.-based DigiMine.

It's a task central to the information age. Businesses accumulate huge quantities of data, both online and off - everything from in-store cash register sales to inventory catalogs to clickstream stats on Web server logs. That data can be harvested, aggregated and stored ("data warehousing") and then sifted and analyzed for marketing purposes ("data mining").

Revenue from data mining software grew 34 percent to \$458 million from 1999 to 2000, according to a June IDC report, which goes on to project a figure of more than \$1 billion by 2003. While "business intelligence" software vendors such as Business Objects, Cognos, SAS Institute and SPSS, as well as database makers IBM, Microsoft and Oracle, have been doing database number-crunching for major corporations for years, the tools typically come with hefty price tags and consulting fees.

DigiMine is trying to find its niche by focusing on e-commerce sites. Customers include bCentral, Microsoft's small-business services site; Getty Images, the world's largest stock photo company; and online retailers JCrew.com and Nordstrom.com. Data is harvested from a customer's servers once daily, usually in the middle of the night, then compressed, encrypted and transmitted to the data warehouse. Online reports are generated the next morning. DigiMine CEO Usama Fayyad, an alumnus of Microsoft Research, offers a compelling argument for outsourcing. During his research years, he saw many multimillion-dollar data-mining projects that failed for lack of maintenance. If fresh information isn't fed daily into the hungry maw of the data warehouse, the marketing execs who use it lose interest. "That's the death spiral," says Fayyad. "The data will sit in some data tomb somewhere, resting in peace."

[Home](#) | [Service Agreement](#) | [About Us](#)
Copyright ©2001 IDG.net. [IDG.net Privacy Policy](#)