

COMPUTERWORLD

Finding Answers In Data Haystacks

DigiMine offers data warehousing application as a hosted service

BY MARK HALL

(April 23, 2001) Building a data warehouse is a major strategic initiative that can cost millions of dollars and consume enormous amounts of IT resources. Yet the demand for data warehouses has never been higher because e-business has created data mother lodes that companies are anxious to exploit.

That's why the founders of Bellevue, Wash.-based digiMine Inc. jumped in with their application service provider (ASP) delivery model for warehousing and mining of Web data.

Bassel Ojeh, digiMine's co-founder and chief operating officer, says, "It's not so much designing a schema or implementing a data warehouse that's the issue, although that's not easy. The real problem with data warehouses is operational - the day-in, day-out running of them."

DigiMine's "hosted service for data mining of Web information is a good idea," says Peter Urban, an analyst at AMR Research Inc. in Boston. At the very least, he says, the ASP approach improves IT overhead by eliminating database administrators, dedicated on-site hardware and the developers needed to write the data mining algorithms.

Turning Data to Dollars

Dialpad Communications Inc., a 1-year-old Santa Clara, Calif.-based provider of voice services over the Internet, wanted to launch a new product outside the U.S.

"We needed to know what was our users' No. 2 language," says Christina Pate, the company's market research manager. With a 1.3-billion-minute call log among 12.5 million users, she had no shortage of data to sift through. But building a data warehouse would take a year, and she would have had to hire an algorithms developer to mine the data. "We decided it was better to outsource," she says.

After Dialpad signed on with digiMine and got set up, the ASP's data mining query tools took just one day to determine that Spanish is the second most commonly spoken language among Dialpad customers. That discovery led to a timely launch of Dialpad's new Internet phone service.

Sarah Van Dyck is vice president of marketing at Etrieve Inc. in Hillsboro, Ore., which links mobile professionals using personal digital assistants, cell phones and other devices to, say, customer information locked in corporate servers. DigiMine's easy access and array of reporting tools help Van Dyck track the success or failure of her company's online advertising campaigns, enabling her to determine the most cost-effective places to promote Etrieve's services.

"They have more reports than I'll ever be able to use," she says, "and they keep releasing more."

Part of digiMine's strategy is to "constantly refresh the product every eight weeks or so," says digiMine CEO and co-founder Usama Fayyad.

Because digiMine is an ASP, there's no disruption for users. "They simply log in in the morning, and there's a few new reports to choose from as part of their regular monthly fee," says Fayyad.



DigiMine offers an alternative to running your own data warehouse, say Bassel Ojeh (left), Usama Fayyad and Nick Besbeas.

digiMine Inc.

Location: 10500 NE 8th Street, 13th Floor, Bellevue, Wash. 98004

Telephone: (425) 216-1700

Web: www.digimine.com

The technology: Data warehousing, data mining and business intelligence services for Web-based data

Why it's worth watching: Its pay-as-you-go service makes data mining and analysis more practical and affordable. It offers useful analytic tools to apply to Web data.

Company officers:

- Usama Fayyad, CEO, president and co-founder;
- Bassel Ojeh, chief operating officer

DigiMine does require some setup. Users must install its DataSlurper software on their Web servers and configure it through a point-and-click menu to grab data and send it in batch mode to a data warehouse designed for them by digiMine. Customers connect with a browser to choose reports that reveal, for example, the top 10 Web sites that bring buyers to their sites.

Bumps in the Road

Wayne Eckerson, director of education research at The Data Warehousing Institute in Seattle, says digiMine faces a few hurdles. Corporations may be reluctant to hand over data to a start-up. And larger enterprises will want to analyze Web data with other sources of corporate information, which requires tools that digiMine doesn't currently offer.

For its part, digiMine claims that it will offer data mining programs for other types of data in the future. And customers like Pate say they're pleased with digiMine's ability to provide answers quickly.

"We get results from our data mining in a day," says Pate. The speedy turnaround helped Dialpad to immediately aim its new service at Spanish speakers, so it could start generating revenue as fast as possible.

"Business users are always asking questions about the data," says Ojje. "Getting the right answers is what's important."

The Buzz: State of the Market

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and co-founder;

•Nick Besbeas, executive vice president of sales and marketing and co-founder

Milestones:

March 2000: DigiMine incorporated

October 2000: Services launched

Employees: 120

Profitability date: 2002 (projected)

Burn Money: \$25 million from Internet Capital Group, Mayfield Fund and others.

Products/pricing: DigiMine's analytic services start at \$10,000 per month; campaign response analytics start at \$2,500 per month.

Customers: Nordstrom Inc., AtomShockwave Corp., Etrieve, Dialpad Communications and others

Partners: EMC Corp., Exodus Communications Inc. and Microsoft Corp.

Red flags for IT:

Is your organization comfortable handing over proprietary customer data to a third party? DigiMine doesn't currently integrate non-Web data into its data warehouse analytics services.

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