

Trace3 takes its innovation services into the big-data market

Analyst: Katy Ring

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The use of business intelligence and big-data technologies is getting into the customer base as interest in new digital innovation grows. In October 2013, Trace3 created a practice to formalize its capabilities in this area. It set out to train and educate its customer community by creating offerings around Cloudera, MapR and a number of Hadoop-based analytics offerings. In Trace3 style, the company organized meetings in the Californian region for the user community to come in and find out more about the technologies.

The biggest market constraint that Trace3 is finding is that people have a perception that taking advantage of big data is complex because of the sunk investment in their existing data platforms and all the data dependencies there are in corporate environments. However, Trace3 finds that bringing in a Hadoop platform for some workloads, to augment what the customer already has, is a useful starting point.

The 451 Take

Trace3 remains a fascinating example of a VAR that has seized the opportunity to transform itself into a consulting-led organization as the only really credible way to become a trusted business partner for its clients. It already has a successful innovation service that its customers value highly, and its big-data practice is a natural complement to this overall positioning in the market for digital services. It is betting on Hadoop as the platform of choice for its big-data practice, and is already looking to invest in developing its own assets for the Internet of Things (IoT) market opportunity.

Context

Trace3 was set up in 2001, and is based in Irvine, California. It began life as a reseller of IT infrastructure products and grew to a \$420m revenue business over 12 years, at which point (in 2013) it decided to develop the value proposition and move away from pure resale. It works closely with the VC community around new and emerging technologies, such as Riverbed and Palo Alto Networks, introducing its customers to new, innovative companies.

The core of the business remains with Trace3's Transformed Data Center practice, and a cloud practice and big-data intelligence practice have been added to this. But Trace3 is now very much a consulting-led technology provider, and big data is one of its growth areas.

Strategy

Trace3's big-data practice is a core team of 14, and has consultants that work with the business executives on the ROI and TCO side, as well as architects for the technology decision-makers. There is a larger extended team of engineers and specialists that engage depending on the offering being architected.

The practice primarily works with manufacturers, along with the retail and healthcare sectors. It has its own innovation labs, which it brings customers to. It also does on-premises implementations and cloud delivery using AWS to test specific tools. For example, it has done this with Datameer, which requires Hadoop infrastructure to be in place before testing the tool. Trace3 is a partner for Hadoop distributions such as Cloudera, Hortonworks and MapR, as well as a number of analytics and BI offerings like Datameer, DataTorrent, Platfora, and Tableau. Other partners include Cisco, Pivotal, IBM and StackIQ, to better manage Hadoop clusters.

The big-data practice is a consulting services arm that advises on, architects, and implements technology, and provides training and transition services. It does not offer managed services or provide analytics as a service itself, although it does resell those types of offerings running on a number of cloud providers. It is guided by the type of customer that it is working with, in terms of the technology it proposes - some companies want to do everything themselves and have flexibility, but others, with smaller IT departments, want ongoing access to a business analyst and out-of-the-box technology that is user-friendly. With its enterprise clients, the consultants provide a roadmap and curriculum for the customer to involve new roles, in addition to advising them to buy architectures that run out-of-the-box so that ramp-up is easier.

Deal sizes for Trace3 big-data projects range from about \$250,000 and up. Although it is still early

in the development of the market, there is already more demand than can be met. The company has seen a spike in activity at the ideation stage since the beginning of the year. Consequently, Trace3 is expanding the team and investing in headcount organically. It has not yet encountered any recruitment problems because the team gets to work with the latest and greatest technologies and on a wide variety of projects. When it opens offices in areas of the US where there is not such a strong tech-sector presence, it relocates staff to help establish skills.

In terms of a roadmap, Trace3 is looking at the IoT. It sees this as the evolution of big-data technology, which is the foundation of the IoT opportunity. It is working to represent third-party products and is creating its own Trace3 products in this area.

Services

Over the past year, Trace3 has created focused consultancy offerings in the big-data space. It provides the Envision engagement for when customers are exploring a use case. In this engagement, Trace3 maps out the use case, documents it and makes recommendations around technologies. As part of this process, Trace3 conducts online interviews and runs discovery workshops with both the business and technology stakeholders so that everyone has a chance to ask questions.

The second project phase is the proof of concept, developed with the identified technologies over four to six weeks. Trace3 takes a holistic approach, where it focuses first on what is to be accomplished and doesn't proceed until the Envision process identifies something tangible. Then the Trace3 consultants bring in their research team, which owns the initiatives, to find new technologies. The consultants then work with subject-matter experts to adapt the chosen technology for the in-depth analysis required.

The final stage is where Trace3 moves on to a sponsored project. This is where the practice does the formal design, implements services and provides documentation.

Trace3 has undertaken many big-data projects with customers. For example, it has worked with a large auto manufacturer looking to save money by reducing the costs of vehicle recalls. The problem is that a car manufacturer touches so many different locations – in terms of the development of components, the assembly of parts and the QA process. Typically, manufacturers collect data from each place and have no way of correlating the results across the locations, and so are forced to recall the model or face potential legal problems. So Trace3 created a history of car models, in terms of their parts, so that events could be correlated in given manufacturing periods.

This meant that the car manufacturer got savings of 50% from the cost of a recall due to a manufacturing fault.

Trace3 is also undertaking a number of projects with marketing companies and online agencies to create 360-degree views of the customer, using social media data and the client's internal databases.

Competition

There are a lot of IT infrastructure service providers from a VAR background that Trace3 competes with, in terms of its well-established competencies around network and datacenter management, such as Forsythe Technology, InterVision Systems, Presidio and Sirius Computer Solutions. However, with its trusted-partner status developed around capabilities dealing with change management and innovation services, its offerings are really more closely comparable with IT service providers that also have strong SI and consulting capabilities. Similarly, in the big-data project area, Trace3 is not competing with traditional value-added resellers, but with players such as Accenture, Capgemini, Deloitte and other big-data service providers.

Trace3 specializes in offering a holistic approach to big-data projects, in the sense that it does not just come in and 'discover' the business objective and then hand over to a technology company; nor does it provide the infrastructure and then leave. It argues that it works with the client from ideation through to operations, without gaps or handovers.

SWOT Analysis

Strengths

Trace3's big-data capabilities are a natural development as it builds its profile as a trusted innovation partner using its network of alliances with a variety of well-respected companies in the VC world, as well as its own research arm focused on investigating new entrant tech companies.

Opportunities

Trace3 is already aware that big-data technologies are providing the foundation investment for organizations wanting to develop IoT projects and strategies, and it is preparing for this by beginning to develop its own assets.

Weaknesses

Not necessarily a weakness at present, given the immaturity of the market, but Trace3 should give some thought to offering managed services or analytics as a service as part of its portfolio going forward.

Threats

As the market matures, the challenge will be retaining enterprise customers as they move to production environments and more seriously consider the larger, global providers for reasons of scale of delivery.

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