

VENDOR PROFILE

Lixto: Web Intelligence Provides On-Demand Competitor Information

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IDC OPINION

Organizations are increasingly under pressure to provide users with information for decision making. Some types of information are available to end users from cleansed, consistent data stores via robust integration architectures. However, others have to be extracted by repetitive and awkward manual processes.

Lixto's technology automates the collection of detailed information from external Web sites. Companies use Lixto for two main purposes:

- Web process automation: to integrate with suppliers' Web portals
- Online market intelligence: the extraction of detailed competitor information from public Web sites (in markets such as consumer electronics and travel providers)

In both cases the software reduces the time to extract information from these sources by automating what would otherwise be unwieldy manual processes.

The company's offering has broad appeal to a number of markets beyond those the company has already addressed (consumer electronics eetailing and online travel retail). Examples include metasearch of utilities, financial services, and social networking.

Lixto has a range of opportunities to grow geographically and is investigating new markets with a healthy level of caution. The company's priority for 2009 is to execute on its sales targets and extend its customer base.

IN THIS VENDOR PROFILE

This profile describes the company, market, and product strategy of Lixto Software GmbH (Lixto), a Web intelligence vendor headquartered in Austria. Lixto's offering has broad application to a number of markets — those already addressed by the company include travel, automotive, and retail.

SITUATION OVERVIEW

IDC Software Market Context and Lixto's Market Coverage

IDC defines Web analytics as one of the competitive analytic applications markets that form part of business analytics. (For more information, see *IDC's Software Taxonomy*, IDC #210828, February 2008.) In terms of the delivery of information, Web analytics are the analytical applications delivered through the direct interaction on an organization's Web site. Web analytics analyzes customer behavior on the Internet, often offering actionable models that allow greater customization of the Web experience.

Lixto does not play in the Web analytics space, as it collates information from competitors and external Web sites rather than its customers' own Web sites. The description "Web intelligence" is Lixto's description rather than one defined by IDC.

Company Overview

Lixto is an Austria-headquartered Web intelligence software company, founded in 2002 as a spin-off from the Vienna University of Technology. It has 35 employees, gained revenues under \$10 million in 2007, and focuses on three customer segments: automotive supply chain, travel, and consumer electronics retailing.

Lixto's management team has varied backgrounds in hardware and software at companies including HP, Intel, and Spotfire.

Only 10% of Lixto's customers are headquartered in Austria; the remainder are divided between Germany, the U.K., and France.

Company Strategy

Lixto's Mission

Lixto's mission is "to become a global leader in Web-based market monitoring."

Market Strategy

Lixto uses a number of different descriptions for its products: Web-based market monitoring, Web intelligence, and online market intelligence. Its software allows customers to automate the process of collecting detailed information from external Web sites. Lixto's offering has two main use cases:

- ☒ Lixto's earliest customers were automotive suppliers integrating with their customers' supplier portals for information about part failures, their customers being the automotive suppliers (OEMs).
- ☒ Lixto now has customers using the software to find information on competitors' pricing for consumer electronics and retail, and hotel and transport pricing and product information for the travel industry.

A third use case, not actively marketed by Lixto, is metasearch: that is, searching the search engines, for example to provide an overview of travel services by searching Opodo, Expedia, and other alternatives to provide a superset of results for flights or hotels.

The Process of Obtaining Web Intelligence

Lixto's methodology to obtain Web intelligence is based on a four-stage process. The four stages are harvest, consolidate, analyze, and optimize.

- ☒ **Harvest.** This process stage has two software modules, the Visual Extraction Tool (Lixto Visual Developer) and the Execution Server (Lixto Transformation Server). The Visual Extraction Tool is used to collect the appropriate data from each relevant Web site. The software allows an end user to perform the process once of capturing data, for example finding a price for a specific laptop specification in the consumer electronics sector, or extracting data from a customer's Web portal in the automotive industry. The software captures the process, similar to how a simple Excel macro records a sequence of user actions. The process can then be automatically run as required. Note that any changes to the source Web site will require the macro to be rerecorded. Lixto validates the extracted data to make sure it fits the expected data model for the source.
- ☒ **Consolidate.** The software aggregates the harvested data into a domain model. This brings the data from the different Web sites together. It uses product matching and data cleansing services to integrate the different sources consistently, and stores information in a datawarehouse. For an initial implementation in a new market, Lixto consultants need to build a domain model, where the appropriate sources are mapped to the software. Once Lixto has created a domain model, this work can be reused, therefore it is more rewarding to create fewer domain models and market them to a specific segment than to create new domain models for every customer. The more customers the company has working from the same domain model, the better the return on that market segment for Lixto. This makes focus on specific domains key to its strategy.
- ☒ **Analyze.** The end user analyzes the data to look at factors such as competitor activity, promotions, price changes, and availability. For long-term automotive customers, Lixto has its own analysis services software, but new customers usually use analysis and reporting software from partners such as QlikTech and Oracle. Lixto provides dashboards, reports, scatter plots, and alerting services.
- ☒ **Optimize.** Lixto provides connectors to third-party optimization tools, for example pricing optimization systems, with Lixto consultants performing the integration.

Products

The company has two horizontal solutions:

- ☒ Lixto Online Market Intelligence (for travel and consumer electronics retail)
- ☒ Lixto Web Process Integration (for the automotive industry)

Within these product groups, there are some vertical-specific offerings:

- ☒ Hotel Online Market Intelligence — launched in March 2008 for the hotel and travel industries
- ☒ Web Application Testing Service — launched in January 2008, as used by SAP to test its BusinessByDesign applications. Lixto automates the Web application usage and can repeat the process in order to simulate multiple users

Software Platform and Enterprise Mashups

The company also uses its platform that integrates with enterprise mashup tools to integrate various information sources.

Lixto Suite 5

The latest release of Lixto's software is Lixto Suite 5, released October 1, 2008. Enhancements focus on improved volume and scalability (plus increased throughput for multiple iterations), and improved manageability (centralized handling of reports, and new language elements).

Delivery Models

Lixto has two options: on demand or software as a service (SaaS), and on premise. Lixto finds the SaaS model plays well to one of its two target markets: business users that are manually monitoring online information. The SaaS model is a useful on-ramp. Once Lixto's solutions reach a critical mass in the organization, particularly when they are implemented in multiple departments, customers prefer to take the software in-house.

FUTURE OUTLOOK

Organizations are increasingly under pressure to provide users with information for decision making, but the technical challenges of integrating, cleansing, and presenting this information mean that technologies like Lixto's are not pervasive.

The travel sector is fiercely competitive and these customers make popular references, probably because they are easy for anyone to relate to, and everyone understands the need for a quick response. However, Lixto's software will provide value to customers in many markets beyond those they currently play in. These could involve different data sources such as social networking sites, energy supplier sites, and financial product Web sites.

ESSENTIAL GUIDANCE

Advice for Lixto

In the near term Lixto is wise to focus on the most easily accessible and lucrative domains for its products, in order to develop a reference customer base and a strong revenue stream.

In the short term, Lixto should continue to address the larger European markets of Germany, France, and the U.K., as well as its Austrian home market and the adjacent countries. The burgeoning economies of Eastern Europe will also represent good opportunities, particularly the most mature such as Poland and the Czech Republic.

In the medium to long term, the company should aim to address the broader U.S. market by gaining a foothold with early-adopter reference customers, and maintaining either joint or sole U.S. headquarters. This type of software would play extremely well in the U.S. market, as the U.S. has a strong focus on providing detailed and specific competitor information that characterizes this market, due to its large size and homogeneity.

Lixto has a strong story around SAP integration, including integration with iDocs and SAP XI. This is an area in which it would be wise to investigate further in its existing regions given the high concentration of SAP implementations in Lixto's European country markets.

Lixto usually sells into business users and bypasses IT until implementations become strategic in the organization. This means the company needs to retain domain expertise, and to address new domains it will need to hire staff. Therefore Lixto's strategy to focus on existing markets and investigate new markets carefully before committing to address them is the appropriate one.

Despite the tendency of its business-unit customers to circumvent the IT department, Lixto's messaging speaks well to IT departments as it covers mashups and cloud computing. As its existing customer base increases the size of their implementations, Lixto should work with IT departments to find uses across the organization for its software and help it spread virally into new departments across the business.

LEARN MORE

Related Research

- ☒ *IBM Foundation Tools: Big Blue Needs to Talk Business in Europe* (IDC #IcUK21413308, September 2008)
- ☒ *Pervasive BI: It's the Next Big Thing, But What Is It?* (IDC #LT01Q, May 2008)
- ☒ *Business Analytics Survey, 2008: What Do Buyers Want?* (IDC #211323, March 2008)
- ☒ *Western European Software 2008 Top 10 Predictions* (IDC #AE01Q, January 2008)
- ☒ *Western European Business Analytics 2006 Vendor Shares and 2007–2011 Forecast* (IDC #LT06P, November 2007)
- ☒ *Western European BI Tools Vendor Shares 2006* (IDC #LT03P, November 2007)
- ☒ *SAP to Acquire Business Objects: Impact on Business Analytics Solutions and Providers* (IDC #209205, October 2007)
- ☒ *SAP Acquires Business Objects: The End of BI As We Know It?* (IDC #LT52P, October 2007)
- ☒ *Western European Business Intelligence Tools Forecast, 2007–2011: Strong Growth in a Maturing Market* (IDC #LT01P, April 2007)

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