

New 'consumer-intelligence' technology will compile detailed profiles

October 14 2009, By Scott Duke Harris

Buying Huggies at Target the other evening -- size N, for newborn -- I noticed that the back of the receipt was printed with a coupon for infant formula. Cash registers are so clever these days. Target, I've been told, is among a small number of big retailers that have invested millions of dollars to develop technology internally that tries to understand their customers' needs. But most big companies are still pretty clueless.

Now a new startup called Causata, led by Paul Phillips and boasting a proven team of techies and \$4.5 million in venture funding from Accel Partners, aims to push this sort of customer-intelligence technology to an unprecedented level. Harnessing advances in distributed computing and machine learning, Causata aims to pioneer the development of a "multichannel customer interaction platform" that can be deployed by big retailers and financial services firms.

The platform would constantly update its profiles of customers, effectively "learning" from any purchase or query and adding that to personal information in its database. It might "know" that you like skiing, wine and jazz, and be cognizant of your location and calendar. Imagine a [text message](#) that, say, includes your spouse's name in a reminder about your coming anniversary, because you inserted the date on a wedding registry years before. [Target](#), I assume, already knows that in the summer of 2014, we'll be shopping for school uniforms.

If Causata delivers on its promise, your bank would seem to sense what you might need every time you log on its Web site, phone its call center,

visit the ATM or step up to the teller -- and perhaps recommend a new credit card or certificate of deposit. While some might see it as a creepy intrusion, it can also mean better service and greater efficiency, Phillips says. And there is a massive market opportunity, according to Bruce Golden, the Accel partner who, in a reverse of conventional roles, pitched the idea for Causata to Phillips.

Golden is a [Silicon Valley](#) veteran who worked with Sun Microsystems and Pixar before joining Accel. He helped open Accel's London operation five years ago.

Over an international call, I could sense Golden blanching when I said that Causata sounded like "artificial intelligence." The AI phrase, as Golden reminded me, is practically taboo in the valley because so many startups failed to deliver on the hype. "This is more in the area of predictive analytics," Golden said.

'PREPARED MIND' STRATEGY

Funny that "machine learning" is fit for a press release. But AI? Perish the thought.

At any rate, Causata is ultimately about human brainpower. The startup may owe its existence to what Accel calls its "prepared mind" strategy, an allusion to Louis Pasteur's oft-quoted observation that "Luck favors the prepared mind." On its Web site, Accel summarizes this approach as "a practice of cultivating relationships, technology, insight and marketing knowledge around a focused set of technology initiatives."

That helps explain why Accel's Jim Breyer talked his way into an invitation to join the board of directors of Marvel Entertainment, and later helped guide it from comic books and movies to Web initiatives and its recent acquisition by Disney. And it explains why Golden stayed

in touch with Phillips after an encounter a few years ago did not result in a deal.

Phillips was then leading the Web analytics firm TouchClarity, which he said had proved to deliver customers "a revenue lift through automated targeting." Golden was eager to participate in a third-round funding of the startup, but Phillips and his investors instead opted for an acquisition by Omniture (which recently was acquired by Adobe).

After Phillips concluded his contractual obligation to Omniture, Golden approached him with the kernel that would become Causata. The more he thought about it, Phillips said, the more he realized its potential, recalling how some happy TouchClarity customers expressed wishes that it could expand its value beyond the Web.

LONGTIME TEAM

Ultimately, Causata's brainpower will determine success. Phillips fairly exudes confidence. Back in 1997, his team of techies at Urban Science came to prominence by prevailing over 44 rivals -- including the likes of IBM, SAS and Silicon Graphics -- in a competition known as the KDD Cup. The initials stood for Knowledge Discovery and Data-mining. This team of brainiacs, Phillips said, has largely stayed intact over the years and was inspired by the Causata challenge.

These days, outfits like the X Prize and Netflix dangle big cash rewards in tech competitions. What did Urban Science win? "It was just the glory," Phillips recalled with a laugh.

The KDD Cup, incidentally, was sponsored by the American Association for Artificial Intelligence. The organization has since been renamed the Association for the Advancement of Artificial Intelligence and is still rolling along at its Menlo Park headquarters. They seem proud to call it

AI.

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