



Market Insight Report Reprint

Algonomy's retail-specific digital experience platform uses machine learning to deliver 360-degree customer view

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Introduction

Manthan and RichRelevance are now Algonomy, a retail-specific digital experience platform offering modules across the value chain from customer engagement to merchandising to supply chain. Rising consumer demands and considerable market disruption in retail subverticals like grocery, specialty, fashion & apparel, CPG and hospitality such as quick serve restaurants are increasing pressure to deliver differentiated and consistent customer experiences (CX).

The new entity is addressing the drastic push to digital-first engagement that is changing the long-term economics and relationships between brands and consumers. These changes demand a new approach to engagement models that emphasize experience personalization, loyalty-building and retention exercises. In effect, this is forcing an evolution of technology stacks and organizational cultures to enable real-time, contextually relevant experiences.

THE 451 TAKE

For decades, businesses have sought to achieve a comprehensive picture of customer activity and behavior, but a modern 360-degree customer view still remains out of reach. Harnessing the power of data is essential for businesses as they seek to capitalize on improvements to CX. Algonomy's customer data platform, which maintains a single repository of individual preferences and behaviors to update the real-time profile about each customer coupled with its ability to provide action to orchestrate personalized experiences is its competitive differentiation specifically for retail.

With touchpoints multiplying, the complexity of consumer data continues to grow. Harnessing insights gleaned from these touchpoints is integral to improving the context of consumers' experiences. Investments in digital transformation to achieve a centralized view of the customer have become a necessity, increasing emphasis on unifying engagement strategies across the marketing, commerce and support organizations. To succeed in this new landscape, businesses need to be more creative in how they engage consumers. This requires investing in new digital platforms that address customer demand for new immersive experiences, which rely heavily on rich media content, prescriptive insight and intelligent automation to build deeper connections, recommend next best actions and create more contextually driven interactions.

Context

Manthan Software, based in Bangalore, India, merged with RichRelevance, based in San Francisco, over a year ago. Now with headquarters in both locations, the combined companies have a global presence in 22 countries with 400 combined customers in retail, consumer brands, quick serve restaurant chains and convenience stores. The combined companies recently formed a new, rebranded company called Algonomy in January. There are 600 employees.

Manthan provides retail operational cloud applications and expertise connecting demand to supply with merchandising and supply chain collaboration and analytics. RichRelevance provided the advanced machine learning personalization engine also designed specifically for the retail industry. Both companies were cloud-based, with customer data unification and specific marketing activation capabilities across the customer journey. Algonomy blends the two best-of-breed approaches together to provide one approach to real-time customer data and analytics based on an algorithmic decisioning engine.

Adopting a customer-centric, data-driven approach is critical to remaining relevant in the eyes of consumers and competitive in a rapidly shifting market landscape. New approaches are all about empowering brands to deliver individualized experiences along every touchpoint that makes up the customer journey, driving loyalty, advocacy and, ultimately, revenue.

Data is the lifeblood of the digital experience economy, acting as the feedstock for modern CX strategies along the entire customer journey for the retail industry. Forty-four percent of retailers listed building a real-time, unified view of customers to improve retention & loyalty as the top initiative, according to 451 Research's Voice of the Enterprise: Customer Experience & Commerce, Digital Maturity survey.

Products

Built on cloud infrastructure, Algonomy offers a real-time customer data platform (CDP) as the foundation. The data platform contains a customer data 'lakehouse,' real-time customer profile management, data science workbench and customer analytics with customer data unification capabilities for connecting structured and unstructured data from disparate sources for a single source of truth. The pre-built data lake enables access to large volumes of customer data on a schema-on-read basis, which uses the data ingestion capabilities capturing operational, technical and business metadata in both batch and real-time ingestion feeds for a unified view. It cleans, deduplicates, harmonizes and optimizes the data for use across multiple departments. It can contain raw, curated and transformed data depending on analytical requirements. It's an essential element of powering the real-time customer profile.

451 Research states that part of an overall customer intelligence platform is customer data unification, which provides the necessary ingestion, hygiene and advanced contextual matching of structured and unstructured first-, second- and third-party data to create a unified customer profile. This involves streaming behavioral data interactions from connected devices and systems to maintain a real-time customer identity that consolidates unknown, partially unknown and known profiles across online and offline channels, while maintaining consent and privacy requirements.

Creating a real-time customer profile from both offline and online data across myriad sources, while also ensuring privacy by design, requires a more modern approach to continually synthesize, learn and adapt. As a result, Algonomy also offers a composite AI layer, which provides decision-making capabilities with an algorithm library and optimization and testing.

About 300 algorithms assist with customer activation, personalization and merchandising use cases specifically designed for retail. For the industry to effectively compete in this shifting environment, they need to capture, analyze, understand and act on information. They need to recognize patterns, comprehend ideas, plan, predict, solve problems, identify actions and make decisions on a grand scale. The explosion in connectivity and intelligent devices – and the digital interfaces overlaying this information – is increasingly making it possible to create personalized experiences, augmented by real-time context and customer preferences.

Algonomy has retail specific customer analytics such as micro segmentation, purchase behavior, product mix modeling and marketing optimization. Retailers can gain insight into customer lifetime value and conduct market basket analysis and propensity modeling. It's not just about data and insight, but real-time action using the personalization module for content, search and recommendations. Hyper-personalization spans the customer lifecycle, including outbound digital channels for email, mobile and web. It also provides personalization capabilities for inbound actions taken by contact center and virtual agents along with physical in-store locations.

Recent enhancements to Algonomy's digital commerce personalization capabilities include deep learning techniques to generate visually similar and complementary product recommendations, natural language processing to surface relevant products without historical data and streaming catalog critical for urgent and/or higher engagement use cases. For example, critical information such as price and availability are always up to date, which is necessary for fixing customer frustration points with trying to purchase out-of-stock products or provide boost in category pages. Retailers can also benchmark against competitors using digital commerce KPIs peer analysis.

For marketers, advances in geolocation recommendations including proximity sort enables Algonomy to recommend products based on the latitude and longitude of the customer and the proximity of nearby products/services. It also takes into account previous browse, search and purchase history, funnel point and merchandising needs. The data science workbench offers no-code capabilities for non-tech users to build, test and iterate new strategies by picking from a library of algorithms and filters.

Competition

451 Research places Algonomy in the customer intelligence platform competitive landscape. Other retail-specific competitors are Lexer and Bridg. However, the market is incredibly fragmented with many different horizontal providers. From a pure-play customer data or intelligence platform perspective, Algonomy competes directly with ActionIQ, BlueVenn, BlueConic, Redpoint Global, Reflektion and Amperity, among others. There are also large CX tech providers entering the market with diversified CX suites containing their own customer data infrastructure capabilities, including Adobe, SAP, Oracle, Salesforce and Microsoft.

Algonomy would compete directly with Kitewheel, Usermind and Thunderhead. The key to customer journey orchestration is advanced capabilities involving low- and/or no-code journey builder and/or visualization tools, coupled with advanced machine learning-driven automation to analyze events in real time and trigger next best actions at scale.

SWOT Analysis

STRENGTHS Algonomy offers an industry-specific data platform with real-time customer profile and customer engagement applications that connect demand and supply insight and action. The combined entity provides a broad set of digital competencies using advanced algorithms to support supply chain collaboration, improved merchandising and hyper-personalization for improved customer engagement.	WEAKNESSES It's not just about amassing all available data but ensuring data quality and governance for consent management. Algonomy will need to continue to enhance its capabilities for consent management.
OPPORTUNITIES There is opportunity for Algonomy to take advantage of the growing traction of the customer intelligence market in light of the shift to digital. As the market matures, the company can continue to build out industry capabilities and/or expand its purview to serve other retail segments.	THREATS Large tech giants such as Salesforce, Microsoft, SAP, Adobe and Oracle all provide retail verticals within their own horizontal clouds. There is also still momentum in businesses that try to build applications themselves, creating their own data lakes and building their own algorithmic data models.

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