Predictive Analytics Software Marries External Data with Internal Performance to Find Factors that Truly Drive Demand

Rich Wagner
President and CEO
Prevedere, Inc.

CEOCFO: *Mr. Wagner, would you tell us about Prevedere?*
Mr. Wagner: Prevedere is a predictive analytics software company that powers unprecedented sales and demand forecast accuracy with insights into the real factors that drive enterprise performance.

CEOCFO: *What is your approach?*
Mr. Wagner: We help enterprise customers leverage external data outside of their four walls – things like global economic factors, consumer behavior and weather – that we then marry with their internal data to uncover new insights. We built a unique anaysis engine that can find, out of all this data, the factors that truly drive demand. Using these drivers, corporations improve forecast accuracy and predict future demand much more precisely.

CEOCFO: *Is external data the second wave in predictive analytics?*
Mr. Wagner: Yes. In the last few years, I have seen predictive analytics rapidly catching on. Almost every company has had years of experience in collecting internal data into a single repository or data warehouse, building some reports and dashboards from various disparate systems. Now they have started to understand the need to pay attention to external factors as well, and our technology enables them to do it efficiently.

CEOCFO: *How does your technology allow all of this information to become available?*
Mr. Wagner: First, we identified the most accurate, up-to-date sources of external data, and then built a system that updates all these sources in a single repository, in real-time, so that companies have easy access to this data. Then, our in-memory computing, which is leveraged through advanced cloud technology, stores that data for rapid analysis and calculations against companies' internal results. This was previously a tedious, manual process, requiring data scientists and sophisticated statistical tools. Today, we have automated that analysis in a way that companies can consume in their own web browser or any current internal planning systems.

CEOCFO: *Would a client ask you to look for specific items?*
Mr. Wagner: Often, clients come to us knowing there are things they should pay attention to, such as weather for a construction company or new housing for the wood products industry. They have some clues, but do not know specifically what metrics are available or what their lead-time – the time it takes changes in an external factor to impact the company – might be, which is extremely important. We go in not only with the technology platform that literally finds and maps crucial needles in a haystack, but we also have expertise working across every industry. That knowledge, our customers' historical insights and the fact-based data provided by our software results in a clear picture of future company performance.

CEOCFO: *How do you identify a good source?*
Mr. Wagner: We check the quality of data as soon as it comes in. We have access to more than 10 million different data series, but we look at each closely. If there are gaps in data, poor quality data and/or a lot of outliers or other discrepancies, we don't use it. A few of the quality data sources we leverage include open (public) data from government agencies, Federal Reserve banks, weather data from companies that forecast more accurately than mainstream outlets and proprietary data sources with metrics on consumer behavior, internet search trends, etc. In addition, we collect more unique data like real-time social media conversations via Twitter feeds, available through some great partners that do consumer sentiment analysis.

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CEOCFO: *Do you assume government data is accurate, or does it get the same scrutiny as other sources?*
Mr. Wagner: There is a debate among some people of the quality of government data. Overall, we are looking for consistency. If you have a system that overestimates the rate of employment or consumer spending in the area, as long as they have consistently done that, that data is usable because we are looking at changes from one period to the next.

CEOCFO: *What form does the data take; what are you actually providing at the end of the day to your clients?*
Mr. Wagner: What comes out of our system is a forecast by product and by market. It can be as granular as a company tracks internally, or it can be an aggregate model of how a certain company is going to do next quarter. Initially, what comes in is "time series-based data" that essentially says, "on this day, x happened and we have x number of sales." We use that to find leading indicators, and from there we will build predictive models. We will take a specific product - maybe at a SKU level for a retailer - and say "you are going to sell x number of candy bars based on [leading factors] for this region where you do business."

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CEOCFO: *Do you find that your clients act on the data?*
Mr. Wagner: We definitely see them putting these insights into action. What is unique about the way we deliver results is that executives can actually understand and easily consume this data. With many large technology platforms, people often have to be retrained and learn a new skill that is hard to adopt. Our path was to take something that we could understand ourselves and put it in a format that decision-makers would want to consume. Almost all of our customers, typically large multi-national companies in established industries, have a mandate to become more data-driven, to be more fact based in decision-making, that they are living up to. It could be in the monthly sales and operational planning meeting; it could be a quarterly strategic goal setting, or planning meetings on changing consumer behaviors. These external drivers are the factors you should be looking using in the decision making process. The surprise is how much those external factors really do drive business. The insight that you can get out of them to take action for any operational or strategic decision is much more valuable and important than I would have imagined.

CEOCFO: *Why choose Prevedere?*
Mr. Wagner: We solve business problems in ways decision makers can understand. Whether its demand forecasting, forecasting the price of key raw material and inventory items or understanding where there is growth or declining markets, we provide finance organizations, supply chain, and sales and marketing departments the right information to solve these problems. What differentiates us from our competitors is that we have a great technical innovation with a platform that allows you to build and customize it yourself to solve your specific needs. Our success is due to our industry expertise and leading technical approach in helping companies focus on the things that matter the most. We use tour technology to solve problems faster than and better than anyone out there.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

For more information visit: www.prevedere.com

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