

Apollo Data Technologies breaks into retail with inventory forecasting tool

Martin Schneider, Analyst
Enterprise Software
MARKET DEVELOPMENT
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Event Summary

- The inventory and sales forecasting tool from Apollo Data Technologies is designed to predict order levels two weeks into the future across every store in a retail chain. The idea is to eliminate out-of-stock problems for popular items.
- The predictive analysis that the product generates can be fed back into the system to create self-learning models. Also, Apollo has created model fitness testing to adjust for changes in buyer behavior or other trends.
- Currently, the product is customized for individual retailers, which include initial rollouts with Barnes & Noble and Wal-Mart. But Apollo is looking to have a more packaged version of the technology available next year.

The 451 take

Just as we feel unstructured data analysis works best when embedded into a more widely used application framework, Apollo is taking a similar stance with predictive analytics here. Embedding this analytical modeling tool into an SCM system can make SAP or Manugistics products more powerful, and place the powerful analytics into the hands of the everyday user, not the SAS analyst. Apollo only has two retailers looking at the product, but we expect that to change as the company grows into new areas and increases its visibility in its core publishing/media market.

Details

There are basically four key components to what this technology does. **Apollo Data Technologies** sets up what it calls a SQL staging database, which intakes data from sales and inventory data warehouses. The technology also performs store clustering, which takes into consideration variables like a store's square footage, product density, category sales data, nearby competition, geographic location, proximity to other locations, etc. This allows users to run the same models for similar stores, rather than run the predictive models for each store in a chain with thousands of locations. Thirdly, the predictive models are applied to the data from these store clusters, which can identify which items may be out of stock in the next two weeks based on the data entered. Then, this data is fed back into the modeling tools and the SCM system to aid in replenishment.

For the product to provide real ROI, it is integral that the data generated by the modeling tool gets fed back into the ERP and SCM systems, as well as the predictive modeler itself. That way, the system can learn from past behavior and recognize season trends and predict other aberrations in buying behavior. The product has been designed to be platform agnostic, so the least amount of integration with an existing system is needed: whether the retailer runs **SAP** on **Oracle** or **Manugistics** on **IBM DB2** is irrelevant to Apollo.

Competitive landscape

SAP, Manugistics and even Oracle claim they have significant BI tools in their SCM applications. But much of the analytical functionality is not true predictive analytics, nor does it allow for analysis of data outside the ERP or SCM system. However, as Oracle gets more serious about retail ERP with its recent merging of its **Retek** and **ProfitLogic** acquisitions, that may change. And if **i2 Technologies** and Manugistics get more into analytics, it might make it difficult for Apollo to break into this vertical as well.

But since Apollo's product is designed to be integrated into these SCM products and use their interfaces, it may be an easier project than deploying or configuring **SAS Institute** or **SPSS**. This is where Apollo is best positioned – as a point predictive analytics vendor solving a pain point faster and more cheaply than a larger analytics platform. But players like **Genalytics** can compete on price.

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