Trace3 solidifies its place as a big-data intelligence service provider

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With security, organizations need to slow down in order to speed up and they need consultants such as Trace3 to scope work for advanced analytics.
As successful companies harness data to help drive business growth, they are beginning to see the need to understand the art of automation alongside data science. Customers are looking for service providers that can work with them to pull together analytics, advanced visualization, machine learning and RPA with a Hadoop data lake. They need help with data governance for the provision of self-service analytics, and the creation of pipelines for data scientists. Furthermore, as security and data intelligence concerns merge, they also need partners that can provide this combination of skills. As it develops its expertise alongside its work with customers, Trace3 is finding itself well positioned to provide this range of capabilities.

**THE 451 TAKE**

Trace3 continues to evolve as a technology services company and is now positioning itself as a ‘transformative IT authority.’ The phrase reflects the strength of the company’s engineering resources, its innovation research and the CIO services it provides. The company’s big-data intelligence practice marries these qualities with consultancy focused on customer business challenges, including the management of data security. The inclusion of a security specialist in many engagements differentiates it from many other big-data consultancies.

**CONTEXT**

Trace3 is headquartered in Irvine, California, and has successfully transformed its business over the past four years to become an IT transformation service provider. It operates four main business units: transformed datacenter services, cloud services, big-data intelligence services and security services. The company employs 365 people and 451 Research estimates revenue to be $550m. Trace3 added 120 new customers in 2017.

Four years ago, Trace3 set up its Big Data practice, the focus for this report, by focusing on understanding the Hadoop platform. Based on feedback from its clients, Trace3 now offers three main capabilities: big-data platform modernization, working with clients to provide the right tools and software to help them get value from Hadoop; big-data platforms and tooling for data mining and data science to help clients understand how to use this skillset and support the retraining of staff by providing education, workshops and staff augmentation services; and third, the data governance and management layer that supports the other two capabilities.

While Trace3 does have data scientists on staff, its size precludes making the ongoing training investment to keep a huge pool of data scientists up to date, and so it uses third-party staffing partners to ensure it has a pool of 20-30 data scientists available to bring longer-term consistency to projects.

**STRATEGY**

Trace3’s heritage as an IT reseller has led to a very pragmatic approach to its strategic direction, letting the market figure out where it wants to go and then providing services to support that. So far, this has served it well in developing its big-data intelligence services, since it has learned from experience some of the challenges that enterprise clients have in applying big data to solve business problems. For example, clients often create internal data steering committees led by CIOs and then try to build a centralized data lake to cater for dozens of different use cases. However, this typically leads to setting security in such a way that different departments lock down their data to ensure compliance with PII and it then becomes impossible, for example, to access IT system log data to provide operational IT analytics. Security use cases need to be right-sized for governance in terms of providing access to the data. This is an area where Trace3 is developing a joint capability between its big-data intelligence and security practices.

In most enterprises, customers are not equipped to manage and set up the data management environment they need because of the complexity of what they are building. Furthermore, because skills are scarce it is difficult to hire the skills needed and so the opportunity for service providers such as Trace3 is growing, especially where data is being held in the cloud.
For its big-data platform Trace3 partners with Cloudera and it is finding a lot of traction in the market for the maintained version of the distro with associated data science workbench. Trace3 also partners with DataStax for NoSQL and uses a variety of enterprise-grade toolsets including H2O and Domino Data Lab that can help create a social aspect to the shared data environment that an enterprise is developing.

The challenge with successfully creating an enterprise data marketplace where data producers and data consumers can privately share and consume internal, external, structured and unstructured data is getting the right internal champion to secure the ROI and budget. Carey Moretti, Trace3’s VP Consulting Data Intelligence, explains that while one use case might pay for the cost of the platform, it does not create a common enterprise vision and then the momentum to move to a central data resource is simply not there because a more immediate revenue-generating project will always trump the build out of an internal data marketplace. The approach needs to be architected the right way from the start to enable a range of use cases over time and one of the services Trace3 offers its customers help to put the ROI business case together, working across departmental silos.

**SERVICES**

In order to become digital businesses, organizations need their own data platform and data lakes, and they need to move faster, security permitting. For example, an organization may need different types of access for onshore and offshore workers and so the data management platform needs to be set up to support partitions, tokens and encryptions. Or, a business is driven to do more cross-selling and needs the data to inform this strategy, but without a central data lake and a data management platform where the end user can access the data in a raw format and analyze it across groups to make cross-marketing decisions, this becomes very difficult. However, as soon as you begin to architect a platform for the customer, the security issue quickly becomes apparent because different source systems from which the data is being pulled have different governance, tokenization and encryption rules for data in motion. This means that security questions are arising more often and earlier in conversations about data management.

For this reason, Trace3’s go-to-market approach is to provide an up-front consulting piece, before building the environment using a small team comprising an architect, a security specialist and a senior data engineer. Although the approach is consulting-led, Trace3’s real strength lies with its operational and engineering skills. For some organizations, this data management environment then moves on to a managed services engagement with a couple of Trace3 engineers working on the account for a year to 18 months to provide a specific skillset. The proposition is to see the project from the beginning to the end of its lifecycle, bringing in staffers to supplement the internal team. The skills transfer aspect is important because it is one thing to develop and maintain the environment, but the organization needs to change its processes to run an operational environment at speed because the model needs to be continuously improved. This requirement is now just beginning to drive managed services.

Trace3 typically wins big-data projects because of its existing IT relationship with the customer, and is often bought in as an insurance policy or a check for the customer’s internal team. Deal sizes typically range from $50,000 to $200,000 depending on the complexity of the project.

**COMPETITION**

Because Trace3 wins most of its intelligent data projects from its own customer base, it rarely competes via an RFP process. When it does, it often finds that it loses to an offshore provider such as Cognizant or TCS that comes in with lower-cost bids based on labor arbitrage.

The company’s development of its dual data intelligence and security practice approach to enterprise data marketplace projects means that companies such as Cloudwick Technologies and Unisys are closer competitors in terms of capabilities than many other providers.
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<td>Trace3 is making good progress with its big-data capabilities under the leadership of Carey Moretti - it is balancing its innovative culture (fueled by its innovation services) with the pragmatism of its heritage as a reseller. This has created a consulting-led service arm that offers technology leadership in areas such as enterprise data marketplaces, while ensuring that it is leaving a sustainable asset in place to provide ongoing business value.</td>
<td>Trace3 is beginning to provide managed services and staff augmentation capabilities for customers on an ad hoc basis. It would strengthen the company’s overall big-data intelligence portfolio to formalize these capabilities.</td>
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<td>Trace3 is already in a good position to capitalize on the security requirements that are coming to the fore among many big-data intelligence projects, since it is pulling together its security and big-data practices in joint go-to-market motions. Offerings in this crossover area are welcome and this could be a future opportunity for the company.</td>
<td>One of the biggest threats to the success of many of the engagements that Trace3 and other service providers face lies with the ability of the customer organization to get behind a common architectural approach to data management and to support the organizational change required to get the value from the approach.</td>
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