



# HFS Hot Vendor: Alegion

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# Introduction

The HFS Hot Vendors are an exclusive group of emerging players, each with a differentiated value proposition for the HFS OneOffice or HFS OneEcosystem. HFS analysts speak with numerous exciting startups and emerging players.

We designate a select group as HFS Hot Vendors based on their offerings' distinctiveness, ecosystem robustness, client impact, financial position, and the impact in our OneOffice and/or OneEcosystem Frameworks. The HFS Hot Vendors may not (at the time of writing) have the scale and size to be featured in our Top 10 reports, but they have the vision and strategy to impact and disrupt the market.

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Competing in the age of artificial intelligence (AI) means that you're only as good as your ability to wrangle the new "oil" or "currency"—data. To derive meaning from data for applications, AI solutions rely on a tremendous undertaking in data labeling and annotation. As we highlighted last year, data labeling can become the biggest bottleneck for machine learning projects if enterprises don't have a game plan going into the project. Austin, Texas-based startup Alegion is one of the many startups trying to solve this challenge using a combination of human labelers and a technology platform.

"We found that having a scalable workforce was a fantastic mechanism to attack data prep requirements," says Nathaniel Gates, CEO and founder of Alegion. He explains that training-data vendors need a mechanism to train remote workers for the needs of customers. "We have that knowledge and capability, and turning that into a software platform through automation is better than building anew each time," he says. "Whether the use case is computer vision or NLP [natural language processing], we have the tooling. Our platform ensures quality programmatically, and over time trains models to replace human judgments on data annotation."

Alegion's data annotation platform specializes in handling complex machine learning (ML) use cases within computer vision, natural language processing, and entity resolution. In a typical engagement, Alegion will provide a small team or work with a client's training data team for initial labeling and training.

The teams then work together through the entire data-science lifecycle with a continuous loop of data validation to drive up accuracy by building in exception-handling paths. Alegion's differentiator is clearly its platform's use of machine learning to improve the ML training data activity and to ensure the project can scale in production environments. In an ideal scenario for Alegion, judgment calls would be made predominantly through its models after having watched human data labelers work. For the teams working on initial training, exception handling, quality control, and confidence building, the platform has features that allow complex workflows and a range of tools to orchestrate detailed, collaborative annotation work.

Alegion works with some of the biggest brands that have invested significantly in machine learning, including Airbnb, Walmart, Microsoft, and The Home Depot. Speaking with Alegion's Fortune 100 clients, HFS observed how enterprises with mature ML practices had found value with the company's "human + ML" approach to solving data labeling. "Their biggest strength is their accuracy, especially with high complexity tasks... we evaluated our tasks with several different vendors and internal solutions, and Alegion was only one who came even close to the accuracy needed on these more high-touch, complex tasks!" notes one client. Another highlight of working with the company is Alegion's accountability for performance, where it is continuously advising clients and striving toward getting the best possible model performance for ML projects.

## HFS' take

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Alegion's approach to the data labeling challenge is pragmatic, while its vision is commendable— using adaptive ML technology and automation where possible within the data science lifecycle, and using human judgment where there is still a gap. After all, accuracy and high confidence is the name of the game in this market, and ultimately, clients want results. The API-based solution and feature-rich platform is a definite selling point for Alegion. However, its services team's project management experience in helping large ML projects scale in production and commitment to improving ML processes is where the company's real value-add may lie.

Alegion needs to continue making its platform relevant for different types of datasets and ML disciplines as the industry's data requirements evolve. It may also need to hone in on a few specialized industry verticals or domain areas where its workforce could best guide clients. Alegion also must expand its salesforce and service provider partnerships to engage with technology leadership at large organizations.

## Vendor factsheet

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- Founded in 2012
- Founded by Nathaniel Gates (CEO)
- Alegion has raised \$16.1 million in total, completing the most recent Series A funding in July 2019
- Headquartered in Austin, Texas with a headcount of ~50

## Industry coverage

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Alegion has clients spread across retail, robotics and drones, financial services, manufacturing, healthcare, automotive, agriculture, and energy.

## Solution portfolio

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Alegion has a data labeling and annotation platform built to handle the most subjective and complex machine learning challenges. The Alegion platform is designed to deliver production-grade data volume and quality. Advanced ML capabilities like conditional

logic, multi-stage workflows, and quality control routing accelerate data annotation, reserving human oversight for subjective and complex judgments—where it matters the most.

## Partnerships

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Intel training partnership



# About HFS

## Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries.

Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as “RPA” (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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