Splunk enters the process mining market with Business Flow

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The vendor discovered that its customers were using its machine data analysis technology to reveal business process flows in and across their IT architecture. That created a perfect opportunity for Splunk to offer a new product to drive further demand for its existing technology.
Introduction

In April, Splunk announced the general availability of Business Flow, which uses the data extracted by its flagship machine data analysis platform to visualize and analyze enterprise business processes and customer experiences. It’s a value-added upsell offering designed to help business and IT operations professionals make data-driven decisions about how best to improve process performance and efficiencies. With it, the vendor becomes a new entrant in the growing process mining technology (PMT) market.

451 TAKE

Splunk is a natural to enter the PMT sector. The technology it develops and deploys to monitor and manage IT operational systems is closely related to the types of technology that emerging PMT providers use in their platforms. PMT vendors, however, couple business process visualization and analysis capabilities to their log data management technology – business process management is something new to Splunk. Compared with Splunk, though, the machine data extraction and normalization capabilities of many PMT platforms are several iterations behind. We believe Business Flow will do well in the market, especially among Splunk’s installed base. Business Flow requires the company’s flagship platform to be in place so it’s an upsell. New customers interested in Business Flow will be required to buy the Splunk platform, which may make the overall service a bit pricey compared with other PMT offerings.

Context

All business and IT professionals are aware of the exponential growth of data generated by IT infrastructure, clouds, devices and things over the past decade. Machine data has a lot of valuable information that can be exposed, visualized and analyzed to improve the performance and productivity of these machines, and the business processes for which they are designed. San Francisco-based Splunk was founded in 2003 to make sense of machine-generated log data and since then the demand for its technology has continued to increase. Today, the publicly traded vendor reports that revenue is roughly $1.8bn and that it has a market cap of over $19bn.

Strategy

Splunk automates the collection, indexing and alerting of machine data from IT operational systems. It’s designed to reveal actionable insights from data regardless of source or format, employing machine learning to make predictive and proactive business decisions. The firm’s technology is used to assist with application lifecycle analytics, application release analytics, event management, and various types of infrastructure monitoring for, clouds, containers, servers and virtualization, among others. It primarily makes full use of log files within and across systems to control execution and aid in performance management.

As it turns out, the emerging class of PMT technology does the same things but perhaps to a lesser degree. Splunk has been in this business for some time and has gained an impressive market footprint among global enterprises, many of which are mired in a variety of digital transformation initiatives focused on process automation. Some of the savvier Splunk users realized that rather than procuring yet another technology to expose and examine business processes, why not just use Splunk to do the job? Having recognized this behavior, the vendor productized a PMT offering now available as Business Flow.
Products

In general, there are two types of mining tools: process and device. Process mining tools examine log files to extract knowledge from business processes codified in applications or that are distributed across multiple business functions and applications. For example, a procure-to-pay process can span requisition, order processing, inventory management, and payment departments and systems. Device mining tools monitor user device and application activity. They offer insight into user behavior and interactions with multiple systems and data via a desktop or other device. Splunk Business Flow serves the former.

The product is being positioned in the PMT space and designed to be deployed by business operations professionals who are responsible for overseeing business processes and ensuring positive customer experiences. Built on the Splunk platform, Business Flow enables them to correlate data from multiple data systems without delays from manual data integration or analysis, visualize end-to-end business processes, and investigate potential root causes behind business process issues to quickly improve efficiencies.

Competition

Process mining technology can discover current process routes and data paths, determine cycle times, and perform root-cause analysis to expose variance, bottlenecks and deviations. It does not discover undocumented process designs per se – rather, it reveals the performance and execution characteristics of processes using the data consumed or transacted via a process and various log files from the systems of record across which processes run. The output is consumed by analytic and machine learning tools to expose insight into execution, performance and outcomes that can drive improved alternative process designs. Some of the existing vendors likely to be rivals to Splunk Business Flow are discussed below.

Among the earliest to the PMT market was Fluxicon in the Netherlands, which developed Disco based on academic research. Perhaps the current market leaders are Munich-based Celonis with its process mining offering and Slovakia’s Minit with its Minit Platform. Others include Berlin-based Lana Labs with its Lana Process Mining technology and ProcessGold in the Netherlands with its ProcessGold platform.

Several digital automation platform providers include PMT in their portfolios to help drive sales of their wares. Among them are Irvine, California-based Kofax, which offers its Process Intelligence technology. Helsinki-based QPR Software provides a Business Operating System designed for business transformations that can be supplemented with its QPR ProcessAnalyzer. Berlin-based Signavio adds its Process Intelligence PMT to its platform. Darmstadt, Germany-based Software AG features ARIS Process Mining in its Dynamic Apps Platform.

Global SIs have also introduced their own technology. Tysons, Virginia-based DXC Technology developed its Bionix technology and an Infosys subsidiary, Bangalore, India-based EdgeVerve, crafted device mining technology called Integrated Device Monitoring.

Other device mining firms include Tel Aviv-based Kryon, an established player that developed its Process Discovery technology, and San Francisco-based FortressIQ, which is new to market developing unique technology to reveal user activities through computer graphics card analysis. For those interested in open source technology, ProM is a generic open source framework for implementing process mining tools in a standard environment, and XESame is an application that supports the extraction of event logs from non-event log data sources.
### SWOT Analysis

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<td>Spunk has mature, tried-and-true foundational technology to extract data from operational systems to visualize, analyze and improve enterprise business processes and customer experiences.</td>
<td>The vendor is entering the PMT arena with little awareness of the other markets that will influence it. Next-generation digital automation platforms are changing the way business processes are being designed and how process-oriented applications are being developed.</td>
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<td>Splunk merely has to reach out to its installed base and suggest the use of Business Flow to be among the leaders in the emerging PMT sector.</td>
<td>The company needs to get up to speed in its awareness of the dynamic digital automation segments if it is to sustain growth of Business Flow.</td>
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