



HFS Hot Vendor: Celonis

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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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Change is hard when your organization works in silos and metrics aren't enough to drive change, says Celonis. This Munich-based startup understands something fundamental—companies have more data about their processes than they can effectively manage and use, making data mining the number one opportunity for process improvement.

Celonis was founded in 2011 when the big data movement was breaking new ground. But, instead of turning to the usual suspects like social media mining or sensor-driven analytics, the company decided to make its mission far more pragmatic and pervasive: helping companies gain more insight into process execution for their major business functions.

Celonis offers process mining that uses machine learning to extract data from a company's existing systems. It then reconstructs how processes are run within and between these systems in an easy-to-understand visual format. For example, all employees leave "digital footprints" as they perform each step in their daily tasks, which Celonis' products then mine from all the company's systems. The technology creates an event log that organizes and visually presents each step needed to complete processes. As a result, business users gain visibility into their processes and can plan process improvement and other business initiatives on the back of these insights.

Celonis' business premise was welcomed by the market. By 2015, the company had catapulted to becoming the fastest growing tech company in Germany on the back of revenue growth of 5,000% over four years. The addition of SAP as a strategic partner was a huge catalyst to this growth because SAP proactively advocates for Celonis as a process mining solution to its technology stack. Today, Celonis has well over 400 employees and one of the fast-growing clienteles with blue-chip names and case studies including:

- **Vodafone:** Celonis' product was used in the procure-to-pay process, improving perfect PO rate from 73% to 92%, reducing operational purchasing costs by 11%, and improving time to market by 20%.
- **Siemens AG:** Celonis' process mining transformed the order-to-cash process, automating nearly 10 million manual activities prior to using process mining and saving over \$10 million annually.

Clients in our research highlighted the product's user-friendliness and feature richness, emphasizing the rapid results they gained by working with Celonis. These clients found the product to be easy to use and learn, and they believe Celonis' modern look-and-feel is a driving factor for internal adoption. One client stressed that Celonis was the only

process mining company willing and able to serve its requirements—developing internal process mining expertise instead of relying on external consulting and implementation.

Joos Buijs, a senior data scientist and process-mining expert at the Netherlands-based pension provider APG, shared his company's use of process mining with Celonis. He stated, "Our goal is driving better customer journeys and experiences with straight-through processing. As a services business, if you want to improve business, you need to analyze your processes. We took a wide spread of pension handling data to drive more streamlined

operations for customers. Before you can automate these processes, you need to know what's happening in them. Process mining helps us gain this perspective."

Celonis recently launched the Intelligent Business Cloud, a platform solution built on the process mining technology that the company created at its founding. The two biggest advancements with the cloud platform are Celonis' still-developing ability to perform actions based on the insights (action engine) and the creation of a "business apps" marketplace to extend use cases for different clients.

HFS' take

Overall, HFS views Celonis as a great potential enabler of building intelligent support functions toward the **Digital OneOffice**. Celonis' market success speaks to the relevance of its technology for today's business needs. It is helping clients become more data-driven, and it is contributing to a diverse set of business outcomes that range from gaining process visibility and transparency to driving touchless operations and assisting in improving customer experiences. Celonis' application of data mining to operational processes bridges the gap left between the worlds of data analytics and traditional process automation tools. It now needs to extend what it started in process analysis to its new goals of enabling

and changing actions for better process execution. HFS sees more advanced intelligent assistants using AI to execute transactions in the wider marketplace. Intelligent assistance is where Celonis' action engine needs to develop. It could also play a stronger role in the future in prescribing organizational process flows building on its knowledge base.

Celonis will need to carefully manage its exponential growth and build out capabilities prudently, especially as it expands into markets outside Germany. Partnerships will be a significant contributor to help it achieve new market penetration, making it a priority for the company in the coming year.

Vendor factsheet

- Founded in 2011
- Executives include CEO and co-founder Alexander Rinke, CTO and co-founder Martin Klenk, co-CEO and co-founder Bastian Nominacher, and CMO Anthony Deighton
- Raised \$77.5 million in funding in two rounds; the series B round from Accel and 83North completed on June 26, 2018
- Valued as a \$1 billion “unicorn”
- Munich, Germany based company with offices in London, the Netherlands, Boston, Raleigh, San Francisco, and Miami
- Team of 400 and growing rapidly

Solution portfolio

Intelligent Business Cloud: The Celonis Intelligent Business Cloud is a SaaS solution oriented toward the following business capabilities:

- Process discovery: gaining process visibility by following each step of the journey in real time
- Process analytics: finding the root cause of actions that may impact efficiency and bottom line
- Action engine: proactively focused on turning process insights into operational action
- Event collection: providing a quick and easy setup for event log creation

Industry coverage

Celonis’ coverage is mostly horizontal, working across the business functions including procurement, distribution, logistics and supply chain, accounts payable, IT service management, and master data management. It has gained some domain experience.

working across 20 industries with top sectors in manufacturing, utilities, high tech, and life sciences, and is expanding its presence in verticals such as banking and retail.

Partnerships

- Strategic partnership with SAP
- Partnerships with global consulting and system integrators including IBM, Accenture, Capgemini, EY, Deloitte, PWC, KPMG, and HCL Technologies
- Partnerships with RPA vendors: BluePrism, UiPath, Automation Anywhere



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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