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DIGITAL FOOTPRINTS

Mining for Big Data Gold

Process mining, a technology analyzing company transactions, has made a small Munich startup into a multi-million dollar outfit.

It all started with a classroom project. Bastian Nominacher, Alexander Rinke, and Martin Klenk were university students working on a research task when they realized the potential of analyzing the trends and patterns presented in large data sets, otherwise known as data processes. They scraped together the minimum capital to legally found a company in Germany, and Celonis, now a multi-million euro startup, was born in the office of Mr. Nominacher's apartment. The Munich-based company specializes in process mining, or the tracking of digital footprints. Celonis' software uses big data technology to compile the data processes, created for every action a company takes from shipping to invoicing, to give managers a firm idea of how operations could be faster and more cost-effective. It collects information from places such as transaction logs and work management systems for analysis using a data mining algorithm. "Mittelstand companies are just as interested in process mining as the giants." Founded in 2011, Celonis' first client was a big one: German public broadcaster Bayerischer Rundfunk. The startup funded itself over the first five years by gaining new customers via word of mouth. Today it counts some of the DAX's top earners as clients, such as Siemens, Bayer, Airbus and big accounting firms like KMPG and Deloitte. Mittelstand companies are just as interested in process mining as giants. "With small companies in particular it helps to maintain transparency about their processes. This means a considerable competitive advantage," 32-year-old Mr. Nominacher told Handelsblatt. Schukat, a family business offering wholesale electrical parts in the western German town of Monheim am Rhein, has been using the software since 2014. "We have to be able to give our customers concrete delivery promises on when a part will arrive to them," said Schukat's assistant manager Thomas Reichmann. The software uses the data from purchasing and vendors to generate interactive images of how processes are currently running in the company, and makes predictions on future data flows based on collected input. "We observe how long a package takes, for example, until it arrives to the customer or how our suppliers perform," explained Mr. Reichmann. "We are not inventing a new iPhone here, rather we have to satisfy our customers with reliable service." Process mining is a technology not just offered by Celonis, but Dutch competitor Fluxicon and Berlin startup Lana Labs. However, Celonis has the only software currently on the market that can process, visualize and process data in the range of a terabyte in real time. "Because of the volume and complexity of the data gathered in large, medium-sized companies and large corporations, we see our software as largely unrivaled," said Mr. Nominacher. Celonis partners with German software giant SAP to offer a joint product, "SAP Process Mining by Celonis" - according to Mr. Nominacher, it came about when his co-founder Mr. Rinke pitched SAP co-founder Hasso Plattner at a golf club - and recently received a financing round of $27.5 million from venture capitalist firms Accel Partners and 83 North. According to Mr. Nominacher, Celonis is profitable with a current turnover of EURO 20 million. That number is expected to double in the coming year. The company has offices in the Netherlands, New York and Miami, where corporations such as Silicon heavyweight Cisco and software provider Adobe are among customers of 15 different industries in 25 countries. "We need to be fast, because we are competing with companies like Google to get the best talent," said Mr. Nominacher. The company only has 140 employees but is looking to expand its team and grow the technology. With the help of artificial intelligence it is now doing just that - making suggestions for improvements or predictions for how data processes will work in the future. "Every customer comes with their very own demand, which processes must be mapped," said Mr. Nominacher. "At night, I'm always pondering the best ways they can be implemented." Johannes Steger writes for Handelsblatt's companies and markets section based in Düsseldorf. To contact the author: j.steger@vhb.de

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