

KEVIN DOBBS: Thank you again for tuning into X as a Service Files Podcast. My name is Kevin Dobbs. I'm with Accenture. And today, we're talking to Doug Merritt, who's the President and CEO at Splunk.

So, Doug, the first segment, we talked a little bit about your view on the market and what you see around digital models and digital transformation. And then the last segment, we talked about kind of your personal experience running Splunk through and going through one of these transformations.

This segment, we really want to kind of explore what is the importance and the role of partners in kind of making the transformation? Because I know I've heard from a lot of CEOs who say, it's really hard to transform yourself. I mean in some ways it's 'cause you're trying to do your day-to-day business and now you're trying to do a whole new set of new things that need to happen, as well as kind of that outside in perspective. And sometimes that can be really valuable.

So I'd be curious, kind of how did you view the role of partners as part of your transformation?

DOUG MERRITT: As absolutely key through the transformation and going back to one of the earlier segments where we talked about platform and what's the definition of a platform? And I think for me, the simplistic view of what is a platform is the total economics, the majority of the total economics are going to the third party and partner ecosystem and not to the vendor themselves.

So to get there, that's a lot of work for any organization and certainly, a lot of work for us and a lot more work to do to make sure that we continue to drive, listen to and drive a very healthy, profitable and vibrant ecosystem around Splunk that works with us in lock step, to make sure that we're delivering the customer value that's so key to our customers.

KEVIN DOBBS: This is another thing that I talk to a lot of clients about is that in the old model, we had a "channel" and these partners did something very different. Can you just use the term ecosystem, kind of in your mind, how would you kind of separate those two things out?

DOUG MERRITT: I think we do - we're very proud of, one, our 2,000 plus active partners across over 87 countries. So it's a big group of amazing companies and people within those companies that share our passion for Splunk and for data and for helping customers. And we do have channel and resell partners within that body of 2,000 plus active partners, but that's just part of the ecosystem.

There's people that are necessary to help customers execute transactions. There are people that are necessary to help with the definition of the strategy and what the customer's trying to get done. There are people that are necessary to actually help with implementation and successful fulfillment to that strategy. There are different partners are necessary to build the solutions or applications that make that data consumption and action concrete, certainly in our areas of security, IT operations and DevOps. But just as importantly, in areas like manufacturing and supply chain, logistics, marketing, HR, finance, that all can benefit dramatically from large volumes for real time flowing data that contains artifacts

that they deeply should care about if they can figure out how to take advantage of those. The solutions are key as a complement to all those other partner activities in that ecosystem.

KEVIN DOBBS: And one of the areas that we often see is you want to pass along, as you've talked about the customer centricity or even the culture of Splunk. How is it that you communicate that or help your partners kind of adopt that as well?

DOUG MERRITT: The work that we do with partners and what we work on as we come together through deep intertwined relationships is work backward from a set of value drivers or use cases with each and every partner to ensure that together we have everything that a customer needs to be successful.

We don't focus on how do we make money and how much of that economic pie do we get from solutions, from implementation, from educational delivery and distribution. Our core in everything from the partner of constructs, to training, to interactions strives to be what is it that's going to make the customer successful. And then Splunk will

work to help those partners develop what they need to develop, but it's for the partner to actually drive success for the customer, not for Splunk.

KEVIN DOBBS: Okay, that makes sense. So can you think of examples of how partners were helpful to Splunk as they kind of accelerated through your kind of transformation?

DOUG MERRITT: Well, since you're one of the key leaders at Accenture, why don't we talk about our longstanding relationship with Accenture?

KEVIN DOBBS: Oh, please do.

DOUG MERRITT: It's always a good example. So, as with any good partnership, our partnership goes back years and years, since before I was CEO and I was in the field. We had been getting to know each other and growing more and more interleading, intertwining between the two companies.

What I'm really excited about and hopefully the Accenture leadership and teams feel the same way and you guys probably have some additional elements is over the course of multi-years, we've now jointly developed over 15 different offerings that really do bring thought leadership and help with our customer centricity, help jump start the

value that you and us, working with you, can drive for our customers.

A great example is the AI Ops offering that you really are instrumental in driving across our customer and client base to ensure that they're really complex and now beyond mission critical infrastructure and applications that a company must have to actually drive the digital transformation and to survive in the chaos of the global pandemic and social unrest. And that a company is ahead of the curve as much as possible and in and through that avoiding outages, interruptions, surprises, now that those systems are even more mission critical.

KEVIN DOBBS: Yeah, and I think companies working together to innovate. So sometimes that's bringing the best of both companies together in new and different ways and even different vertical markets. I think we would say that there's lots of opportunity in healthcare as an example, with everything that's going on with the pandemic today.

So the ecosystem is an opportunity for companies to come together and create new value that they couldn't do on their own.

DOUG MERRITT: Absolutely. And from a Splunk perspective, we actually are, I think, reasonable at is we understand the technology and we've got a good handle on some of the cybersecurity needs and core DevOps, NAPDEV needs and infrastructure management need on a generic basis.

What I'm so excited about, the work that we continue to do together, is Accenture has those skills, but then brings the deep domain expertise from the multitude of different functions that are so critical within businesses. And whether that's the healthcare vertical overall or hospital bed utilization or equipment utilization or prescription drug optimization and controls or you've done some really cool stuff with cell tower and telecommunications capability, with supply chain in retail, physical retail, the fresh goods piece that you guys have been working on still is jaw dropping every time I see it.

So that combination of your industry expertise, your departmental expertise, manufacturing, supply chain, sales and your technological expertise, makes for a really

wonderful partner and a powerful combination for customers that need someone to guide them through this journey.

KEVIN DOBBS: Thank you for those kind words. It's always nice to hear that.

As you're thinking about kind of going forward, are there new types of partners that you see that are emerging, that are distinctly different than maybe the partners in the past that you'd be working with?

DOUG MERRITT: Yeah, the two areas that we are tripling down on, as relates to partners, is as a company, we've been very clear that we've gotten through the term transition from perpetual license to term license and now we're relentless on getting as far as we can with the cloud transition. I'm not sure that there will ever be 100% cloud delivered service.

There are enough use cases and needs where a public cloud or a service to cloud may not work for customers, but I certainly think we can get that well above 80% of our bookings in day-to-day life. As you move to cloud, I think there are now two really important partner needs. One, you need partners that are very conversant with cloud and their

business model actually works well when they are surrounding those different activities. Everything from resell to implementation, to support, to strategy around a cloud footprint. I think even more importantly now, the opportunity for solutions be delivered on top of the platform that need a broader and broader array of needs and the needs that we're light on because we personally as a partner ecosystem in Splunk have been so focused on cybersecurity, the infrastructure teams, the IT Ops teams and manage that infrastructure and the application development and DevOps teams is driving those solutions for HR, for finance, for sales, for marketing, for supply chain and logistics, for warehousing, for where data is going to be so crucial, especially as each one of those processes gets fully digitally transformed and are driven by software.

KEVIN DOBBS: Are you kind of approaching your partners or your ecosystem in a little bit different way based on where they're located geographically? I mean are you treating those in North America different than maybe those in China?

DOUG MERRITT: We are trying to be as transparent and prescriptive as possible on countries where we will have a meaningful footprint, which means we can partner and segment the market and deliver in different ways versus those that we aren't. So there definitely is a different playbook for countries where we just don't have the focus or the immediate strategy to have a full time Splunk team there. But I think just as importantly, within countries, U.S., our most mature country, continuing to be very - as transparent and clear as we possibly can on what are our intentions and our focus by segment basis, whether it's size of company, geo location, vertical industry.

And most of that, we can really deem effectively together. And you know where we sit and what we're trying to get done and the partner, it's very clear for the partner community on the white space for them to go execute on and the incentives, both from the economics that they gather from that activity, but also directly from Splunk to go focus in those activities as well.

KEVIN DOBBS: Funny, how it's all about money and making sure people can have a profitable relationship with you.

DOUG MERRITT: What I love about data is that metrics really, really do matter. It's amazing when you put a metric out there what people do.

KEVIN DOBBS: So in the other two segments, I asked you kind of some tips or tricks. So if somebody you were talking to, one of your customers and they were saying, Doug, we're really thinking about changing our ecosystem or kind of how we're working and we want to really complement this new digital business that we're building. What are maybe some ideas you would give people if they wanted to get started?

DOUG MERRITT: Yeah, we have a lot of work still to do at Splunk in this area. So I don't want to put us in any type of top tier status here. But a like I was talking about with the transformation itself, area that I ask our partner teams to really wrap their head there 24/7 minds around is think partner back. You know, really understand all aspects of your partner starting with the income

statement of your partner, whether it's a private organization or not. We're asking our partners to dedicate their most precious thing that they have, their people, their time, their capital, to work with us to help drive this customer outcome.

I mean if you don't really understand your partner and take a highly partner centric approach and this certainly is the obligation of our own teams, as well as all the programs that we're driving from a corporate level, then as we said earlier, economics matter. And then on top of that, understand their skills and competencies, the different entities you have relationships with, but let's make sure that we can be transparent from Splunk on what is it we're trying to get done and play as completely transparently as possible and really walk every single minute of every day in the footsteps of your partner.

KEVIN DOBBS: So, Doug, I really appreciate your time today. You covered a lot of really interesting ground from your perspective on the market, your perspective on your own transformation and then, kind of the importance of partners. And, yes, Accenture is very pleased to be a

partner with Splunk and we wish you much success and I hope you make it through this disruptive time and come out even stronger on the other side.

DOUG MERRITT: Well, thank you, Kevin. And the same to you. It's been a really nice relationship. There's still so much more we can do together and the world really needs organizations to lean forward and make sure that there is a level playing field for people across every country around the world and that we're all working together, rather than in a partisan way to try and tackle these really, really difficult challenges that we have in front of us.

And what I've seen over and over is I think there's so much good that can come from all this hardship, as long as we've got a growth mindset, we are learning from the environment around us and I think most importantly, we're working together to try and drive a better tomorrow than what we're experiencing today. And I look forward to continue to do that with you as a partner.

KEVIN DOBBS: Thanks, Doug.

DOUG MERRITT: Thank you, Kevin.