SnapLogic reports record growth, readies for 'big data' and summer release

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The Spring 2013 and Winter 2014 releases of SnapLogic's integration PaaS (iPaaS) ushered in a new technology framework for the company. At the time, the Elastic Integration Platform replaced prior SnapLogic 3.7 technology. The new platform overcame several shortcomings and addressed what the firm refers to as the 'integrator's dilemma' – a situation developers face when they need to use several often disparate tools for data, application and process integration. The Elastic Integration Platform seems to be generating interest. SnapLogic reported that it grew year-over-year bookings by more than 100%, and 93% of its new subscriptions use the new platform. The firm is deepening its commitment to 'big data' integrations with its new SnapReduce 2.0 and is readying the next version of the Elastic Integration Platform by hardening its technology to 'telco-grade' for use by very large enterprises.

The 451 Take

SnapLogic seems to be doing well with its new elastic integration strategy and is poised to capture some attention among big-data analytic buyers. Its design UI and tooling are attracting integration developers, and its time to value and flexibility to alter and change integration patterns are appealing to top-level IT executives. The company may have to pick up the pace in data-quality management capabilities, as many rivals are targeting business users via simplified tooling and graphical UIs like SnapLogic's. Success in the market will be predicated on how well the tooling can enable average business users to find, access and use the data they need, as well as the economics, reliability and elasticity of the underlying iPaaS services.

Context

Founded in 2006, San Mateo, California-based SnapLogic offers cloud and big-data integration services via its iPaaS. In our last report on the vendor, management said that it was preparing to grow headcount in sales, devops, R&D and quality assurance; however, its employment ranks remain steady as last reported at roughly 70. It has raised a total of $32.5m in three rounds from Andreessen Horowitz, Maples Investments, Hit Forge, Triangle Peak Partners and angel investors. SnapLogic is engaged in an investment business lifecycle and therefore is not yet operating at breakeven. Revenue was not reported but we estimate it to be $6.5-8m annually. The company notes that it will likely seek additional capital in or around the time of its summer product launch.

Strategy and products

When last we reported on SnapLogic, we discussed how it was offering the latest generation of its iPaaS-enabled applications, processes and data integration as a single cloud service, and how it represented a restart of sorts that filled gaps in its earlier technology. We noted that its emphasis on cloud-to-cloud integration and partnership efforts with name-brand SaaS providers (e.g., ServiceNow, salesforce.com and Workday, among others) should make indifferent prospects more attentive. The growth of the company's bookings and customer stable seems to attest to this. Since then, management has learned a few things that has helped SnapLogic better position and sell its offerings. The company originally thought its target market to be midmarket CIOs and lines of business in larger firms. However, it discovered greater opportunity in larger enterprises and found that it does better with vendors with a fresh CIO at the helm. Such executives are often charged with making rapid and effective change. SnapLogic reports that when its time to value is recognized by buyers, it generally wins deals.

Going forward, the strategy for the Elastic Integration Platform will include some degree of API management added to the company's data and application integration technology, as well as a sharpened focus on cloud analytics. API management is currently a hot topic in many end-user enterprise integration strategies, and has spawned a flurry of investment and acquisitions in recent quarters. Nearly all data and application integration vendors, as well as iPaaS providers, have rolled out or are considering some sort of API framework/management-related offerings. Moreover, many end users are beginning to expand beyond SaaS integration to focus on extracting newfound intelligence from the data created and exchanged across customer-facing SaaS 'systems of engagement' and back-end ERP 'systems of record,' as well as all social chatter in between.

To such ends, SnapLogic announced in March that it had created Snap Patterns, which are in

essence preconfigured integration processes for a range of popular cloud services designed to help its customers and prospects accelerate cloud adoption. Moreover, the vendor recently launched SnapReduce 2.0, an evolution of its big-data strategy first introduced in 2011.

SnapReduce 2.0 enables SnapLogic to run natively on Hadoop as a YARN-managed resource to power analytic engines. It provides Hadoop users access to more than 160 data sources (both on-premises and in the cloud) via prebuilt connectors called Snaps. Its 'no coding' drag-and-drop graphical UI simplifies data enrichment and shaping tasks such as transformations, joins and unions. It can also build SnapLogic 'pipelines' (the term used to describe data flows) that read result sets from Hadoop and deliver them to a range of analytic endpoints (e.g., CVS files, Tableau-ready data format files, traditional data warehouses, and BI or visualization tools, among others). SnapReduce is currently in testing as an early-access program and is expected to be generally available sometime in July.

The summer release of SnapLogic's iPaaS is near. Its enhancements will emphasize the architectural and operational qualities sought by larger enterprise. Essentially, it will be a hardened release that strengthens various technologies associated with security, SAML-based authentication (SSO), debugging and pipeline versioning. SnapLogic is also working on improved monitoring technology to ensure that all Snaps and pipes are executing properly. It will enable performance thresholds and alert administrators to head off trouble. This capability will make use of shared metadata across tenants (customers) that can also be used by SnapLogic to potentially upsell more capacity and integration endpoints.

Customers

SnapLogic reports that its new customers include Acxiom (marketing/analytics), BlackBerry (wireless networks and devices), Bloomin' Brands (restaurants), CapitalOne (diversified financials), iRobot (engineering, manufacturing) and Netflix (streaming videos services). Of note, iRobot uses SnapLogic to deploy Snaps that enable integration with its contract manufacturers, as well as design and adapt flexible integration patterns employing metadata that minimizes the effort required of data mapping across Oracle and MySQL databases. Meanwhile, Bloomin' Brands deploys SnapLogic to improve its HR onboarding processes, payroll and inventory management.

Competition

SnapLogic is most likely to be compared with Informatica Cloud, Dell Boomi and MuleSoft's CloudHub iPaaS. Some 'true blue' IBMers may choose the WebSphere Cast Iron product line. Red

Hat is gradually deploying its xPaaS strategy that brings to its cloud the JBoss Middleware offerings, which should be generally available late this year and into 2015. With Its SnapReduce 2.0 offering, SnapLogic squares off directly with Informatica and Talend's big-data initiatives; Actian with its Analytics Platform and acquired assets from Pervasive Software for its DataConnect integration technology; and TIBCO's Cloud Bus iPaaS, Spotfire and newly acquired Jaspersoft BI offerings. Adeptia also has effective integration technology and should be considered an alternative to SnapLogic when strong process integration is required.

SnapLogic credits wins against its rivals to the ease of use and design simplicity of its UI as well as the efficiency with which integration patterns can be designed, deployed and adapted when needed. The company's monitoring enhancements can be likened to Dell Boomi's proactive Resolve service, which discovers patterns and offers resolution options to common integration-execution errors.

SWOT Analysis

Strengths

SnapLogic is making steady progress on its strategic commitment to build an enterprise-class iPaaS, and is positioning itself well as a data service for big-data analytics and BI technologies.

Weaknesses

Having to shift its technology platform midstream slowed some market momentum and burned capital that otherwise could have been deployed for growth initiatives.

Opportunities

Cloud integration is just getting started for many end-user enterprises, so the market for data and application integration across hybrid and multi-cloud architectures – including data-quality management and support for big-data analytic tools and services – will be strong.

Threats

There are many IT vendors from various market segments that have aspirations similar to SnapLogic, many of which have a head start in the market. To rise above the noise, the company needs to emphasize its time to value and ease of adaptability and change.