



A People-First Approach to AI

- Daniel Newman: Doug Merritt, welcome back to the Six Five Summit 2021, second edition. It is super exciting to have you here again. One of the inaugural, year one, Six Five Summit, original OG keynotes. It's good to have you back.
- Doug Merritt: Thank you, Daniel. It's always good to be here. Always good to spend time with you.
- Daniel Newman: Yeah, it's a lot of fun and I'm really glad that you could be here to help take the event home. If you remember last year, it was a day and a half, your session along with Lisa Su, who kicked off our day yesterday and Michael Dell went on the first day and we had a day, an hour, and then a day. We went from that to five days, Doug, of content and what an undertaking, but it's been just such a great show. And like I said, I'm really excited to have you here to take us home. You and I have had a lot of conversations, people out there may kind of notice that we've covered some ground before, and I'm kind of excited today because we're going to have a little different dialogue. We talked a lot throughout COVID about kind of the company and its transition. But today we're going to talk about AI automation, ML, some words you like to use in your go-to, some words you don't use so much in your go-to, but we're going to hit it and hit a new topic together, should be a lot of fun.
- Doug Merritt: Well, it should be fun. And I'll try and do my best to carry the layman's perspective on AI and ML.
- Daniel Newman: Absolutely. Well, we've got a broad audience and everyone from, top CIOs and you've got the journalists, the press, the investor community. That's what's really great about this event. It's more Davos than tabletop trade show, big picture vision. And we're going to talk about some of those kinds of things like ethics and AI, actually here a little bit, which are big topics that our world leaders are literally swimming through the challenges of in real time. But let's start with something that I've observed watching you and Splunk and the leadership of your company and the way you talk about the company and the term artificial intelligence. You guys haven't really historically liked using that term. You've chosen other terms, is that still the case? Are you guys changing your tune? And if it's not AI, what is it?
- Doug Merritt: So, I think what all of us are wrestling with at Sarah trying to drive toward, but there's a lot of consternation about artificial intelligence, sentient entity that is completely independent and able to guide themselves. We continue to see at Splunk is we are still a ways away from true artificial intelligence. It has been a catchall buzzword and what I think it is generally trying to convey is computers



are increasingly.. and software programs and are increasingly becoming much more effective at machine learning, which from our view is quite a few steps away from AI. The way that people... the way it is portrayed in science fiction, the way that people are really concerned about it, that it really is analogous lifeform, less carbon based obviously, but another independent entity. And then, so what we keep focusing on at Splunk and our solutions are very much geared towards cyber security teams, the infrastructure management teams and the DevOps snap dev teams is how do we weave machine learning into the data services that power those solutions, and then have you drive machine learning into those solutions themselves so that we can avoid systems downtime.

And I think that all has been very effective in helping us with that or detect patterns that might portend some type of negative event, insider threat, or a malware, some external entity, trying to breach systems and do something malicious. And, I think machine learning is absolutely an imperative. It's really, really important to allow us all as we continue to try and drive a more digitized and software driven landscape to competent our physical lives. I think ML is really important to help that digitization.

Daniel Newman:

Yeah. I think the challenge for a lot of us as we over prescribed what AI actually does, and we under prescribed the value that things like ML and applied analytics are doing, right? So we, we basically call things AI that really are more applied analytics or ML, natural language processing, the ability to do conversions, the ability to put a filter and optimize or improve, create echo cancellation in real time. Something we doing these events have to think about, but those really are it's looking at a set of data, it's looking at the disruption in that data set and saying, okay, let's apply some sort of, of compute aid to that, to an algorithm, or to a framework and let's make it more useful. And I think we're going to kind of have this curve. It's like this curve where things like you're starting to hear software that writes software.

Well, we're sort of in this pivot, right? From where AI really like... the training aspects of AI is pretty real. So when you talk about some of our friends from our semiconductor day building GPU's that are training for image recognition, like being able to use compute power, to look at a million images in a day and be able to learn something. But that whole inferencing part that a lot of us think we're getting served an ad and that's because of AI or that you're getting an alert from a security standpoint and that's AI, but really it was more of a model that was created by a security analyst that understood that they were looking for certain anomalies. You kind of... all these things would kind of... I have to imagine you kind of agree, we're overprescribing AI and under prescribing the power of data and analytics.



Doug Merritt:

Yeah, yeah. For sure. Right now. Just a reality basis. Now the interesting topics and trends and debates that we're going through on how are we going to deal with AI as it emerges and what kind of guardrails we want to put around it and regulation, and do we even want to go there? And that goes are really important discussions for us to be having now because we will get there. We absolutely will get there. It's hard to put a genie back in the bottle, as we've seen with all advancements, you know, once you split the atom, you've split the atom and now we got the power that comes with that. So we've got to be aware of where AI can eventually land and potentially disrupt and take us. And we kind won't fully notice we get there, but so I agree with the energy that people are spending to try and get more clear on what that future would look like and how we want it to evolve.

Daniel Newman:

And it's good marketecture you're not going to go to a store and say, can I get the new phone with the coolest applied analytics software tools? It's like, give me the one with the AI. I mean, it does help from a standpoint of there is an elegance and simplicity. So, I liked that you brought up the ethics thing. I'm just going to give you a heads up. I'm going to come back to that. So hold that power, we'll talk about the ethics and the whole ethos of where this evolves, how it evolves and who makes those decisions. But let's take just a quick step back. Okay. You and I have now brought up a pretty big puzzle and that's that there is an enormous amount of data and that enormous amount of data is an enabler, right? It is sort of setting the stage for that future of AI and it's setting the stage for the future of all these other things we mentioned, applied analytics and ML and big data. What does all of this really mean for an organization and its ambitions to digitally transform?

Doug Merritt:

Where most organizations are today, and if I just go back to the immediate practical focus areas, as Splunk has, is most organizations are not digitized. They're still very, very early in that digitization realm. And we saw that with the pandemic that basic processes around customer interaction, for many, many organizations, the vast majority of organizations still, well, we're not yet fully online and if they were online, we're not crafted in a way that they could be agile and constantly adjusting to meet expectations and needs of the constituents case, whether it's customers, employees, investors, partners, et cetera. So we all have a long way to go, to get our organizations to be much more effectively digitized. And from a Plunk perspective, our focus on how do we help the application development teams and DevOps teams, especially now that they were... most of them are coding Brandon applications in a fully native cloud environment.

How do we help them do that work more quickly, more effectively with higher capability and efficacy. And as those applications were launched, how do we make sure that the infrastructure is optimized to support what you're trying to



get done? That the lag time between customer request and response is optimized, let's say, and then have we wrap all of that, all that capability with as much cyber resiliency as possible? I viewed the work that we have been doing along with others in the industry as the really critical architectural blueprints to allow us to be more digitized. And as we get more and more digitized, then you obviously also get more opportunity as far as volumes data and to wave further into the coming AI zone.

So we're still, what while all of us get really excited about how quickly these trends are happening. They usually happen much more slowly than people thought and then happened really like any other exponential curve that happened really, really rapidly almost seemingly overnight, but it was decades of work to lay the infrastructure, the capabilities that you can get that inflection a tipping point. And we all, as companies, organizations, industries are working hard to become far more software and data and digitally driven.

Daniel Newman:

It's interesting you point that out, I do think the pandemic expedited a lot of transformation. I don't think I'm making any sort of, big, bold prediction by saying that I think the overall consensus is anywhere from months to years of change took place in a matter of weeks and months. But I would also agree with your sentiment that we didn't come far enough. We sort of reacted and came as far as we needed to, to survive. It was like a survival mechanism and now I always say, you want to go from survive to thrive. And so as companies started to turn that corner and I'm talking about true companies in not... they're all true companies, not born on cloud companies, though, those companies have a natural ability to progress through digital phases very, very quickly. You're talking about manufacturing companies, you're talking about, infrastructure, large infrastructure, construction companies, big capex expenses, oil, and gas.

Those industries had, they're massively reliant upon data, but the complexity of updating their systems to truly be able to, I always said, you guys at Plunk are super ambitious with this whole data to everything, all data to all systems. It's like, whoa, I mean, because people think, "oh, it's just easy to just put your data in the cloud." It's like, "Stop! well, hold on a second, do you actually know what you just said?" You can't just put all the data in there. There's so much complexity and that's why, I say, we're still in early innings, Doug, we're still in the early innings. I want to transition though, to a topic that you started and now I'm going to make you answer to this and that's ethics. Okay, I said more Davos than tabletop trade show. Look, if there's an... besides right now, maybe solving the semiconductor shortage and deciding whether or not cryptocurrency can become the standard to replace the dollar.

Probably the third biggest topic in technology is how do we regulate AI? How do we decide? Like you said, that genie out of the, you let the genie out of the



bottle, you split the atom. These things are irreversible in many ways. And once we put it in mark who decides this, who's making the calls, how do we decide what to allow and how quickly to progress to make sure that we keep the world safe. We keep, the right information in the hands of the right people. We keep our data privacy and our economy. All this depends on a number of decisions that are going to be made around the ethics of AI.

Doug Merritt:

So I think often we feel like we have to invent from scratch, as if leveraging what is around us. When we think about what is machine learning trying to do? It's trying to gather mass amounts of data, sort through it, and then highlight decisions that need to be made and or make those decisions. Which is the work of humans every single day, which is why we have so many regulations and legislative constructs and social morals and ethics that exist as part of society. And machine learning is no different, but you just talked about the chip shortage. Someone has got to make a decision with a shortage chips on where those chips go to, who are they going to be shipped to for second and third, when there's limited supply. Whether that is a machine programmed by a human making, that decision set, or whether it's a set of humans, it's the same issue, which is what ethics do you use.

Is it more important that it ship semiconductors to healthcare manufacturers, have got mission critical cool devices to save someone life that they're trying to push forward or to auto manufacturers or to end-point device folks and machine learning literally is just trying to replicate that decision-making and framework process that human beings have. There are a lot of one ethics are super slippery. There are no universal ethics I can find across all societies, all religions, also, there is a little bit of what does the society value and that's not going to be necessarily agreed upon country to country or region to region or religion, religion. And then there are all outgrowths of the human decision-making that already is in place.

Daniel Newman:

Doug, you look at like some of the reversals that have gone on with machine vision. There's a perfect example of the application of, an AI capability with facial recognition. And we've seen how society saw value from a... from security people valued feeling safe, but at the same time, now we're having a counter balance in society around privacy. And the fact that you can't, leaving your house, we've got whether it's your ring doorbells that are up and down the streets, it's the average traffic cams, it's the surveillance that goes on in grocery, it's now at the airport, walking down a street, your smart city, smart government. We are literally creating data at an exponential rate, just living. And then of course our devices, right? Our devices are human, are massive supercomputers with listening capabilities in our pockets all day.



So that, for instance though, I mean, like you said, I love that you kind of said you can't tie it all together because the world is too disparate. They're too different, values are different morals are different, ideology is different. But at the same time, like that's a perfect example of where we've made progress and then kind of had to try to put the genie back in the bottle, but we really haven't because we still have all the data. It's just how we're applying the data. But, you know, I mean like, what do we do? Do we value privacy? Do we value security? I mean, that's just like one great example of where AI could solve, but really it's going to be people it's going to have to be a constituency of humans that are going to have to kind of come together and decide what do we want.

Doug Merritt:

Yep. And there've always been people in corporations whose job was to watch and in governments and most grocery stores had people walk in the house and make sure no one's shoplifting before cameras and that camera is in place, and now you're just... that the big shift is you're creating so much more leverage they've ever paid before. And so much more correlation power than you've ever created before. It's a very hard to marshal thousands of humans are trying to interrogate a society like you can marshal the data coming from all the different intelligent devices that are around us. But the end thing that we're trying to manage for is the same, which is how do you... what are social liberties? What rights do we have as individuals? And how do you stop abuses by those that have unfair [inaudible] unfair access? So we can maintain those social liberties.

I think the consequences are going to continue to go up because if you have a bad actor, whether it's a political figure, a corporation or a rogue hacker, their ability to amass information and influence others is going to continue to go up and to the right. Unless we decide to find a way to blow up all the technology we have, massive BMP strikes globally, simultaneously that throw us back in the stone ages. We would have different problems that we're wrestling with them. We might save the privacy issue, but we would have a whole bunch of new issues. So, as long as we keep moving forward, the... Again, frameworks exist, that we've all fought for over hundreds and thousands of years of what are the rights of citizens, what are rights of entities around those citizens, how do you balance, how do you create transparency and ultimately accountability? And I think that the intensity around that is going to go up year over year because of the increasing power that potentially is being thrust in the hands of a few.

Daniel Newman:

And I would suggest that you and I would agree that data is a protagonist in the equation of getting in and helping us come to a better circumstance and a better set of situations around how AI is applied in society. So, I mean, the whole point is data becomes the foundation of being able to get greater consensus, to be able to build a more unity in the way future technologies are rolled out to provide value. I've said historically, no one ever complains about too much value in the technology. No one ever complains about an



advertisement that's too perfectly placed at the right moment in their path. No one complains when the camera that is placed in a very specific part of their neighborhood catches a thief or a vandal and helps them bring them to justice. So I'm saying there's a lot of ways that data actually can apply and create a much better, much safer, much more valuable and enjoyable life and society.

And I think that's really the underpinnings of what a lot of what you're trying to do. So let's, let's have you take that home. I've got a few minutes with you, first of all, thanks again for spending the time with me here. I realize I... you're the keynote I wanted to ask you all the hard questions. So you're supposed to solve society's biggest challenges with ethics of AI, and we're supposed to do it in 25 minutes at the Six Five Summit. I figured that way this event would have a very long shelf life if we're able to accomplish this, but in all serious. All right, let's get back to Plunk with all this in mind. Where are you going to head next? Okay. Observability, you've moved to the cloud, you've changed your kind of recurring revenue models, you've continually made acquisitions, you just acquired a company a few weeks ago. I wrote about a company, true star. So as the security ops would, you've been making IT ops investment. I mean, you're investing in growth scale, changing business models. Where does this all go?

Doug Merritt:

Yeah. True, true story. A great example to highlight our discussion is a intelligence platform that has been principally focused on threat intelligence, gathering threat intelligence with a heavy ML focus. We're being attacked constantly by different potential threat forces out there. And how do you harness data across a multitude of... across your own organization and across a multitude of different organizations? So you can get a higher fidelity of emerging threats and react much more quickly, which is no different than what you highlighted on. We want our civil liberties protected. We want to feel like we're followed all the time, but when there is a potential mass shooter, we really, really are thankful or want the surveillance capability to try and detect that either before it happens or very rapidly to minimize death and injury. So we're always going to be balancing these two that goes back to social Liberty and the different views around effort from a Splunk perspective and the two massive themes that we've had, what we try and stay centered on the groups that are charged with working together.

And they don't always work together to help us all with the digital transformation and better data augmentation, the cyber teams, the infrastructure management teams with DevOps teams. And so always that as kind of the foundation of Plunk, getting to cloud was beyond critical for our customers so that we could get much higher insight and fidelity on usage patterns and on potential opportunities for improvement. That can't happen when things are happening behind a firewall, that you cannot begin to correlate across thousands or tens of thousands customers and a much stronger infusion



of machine learning. So that we have much better central respond systems to help the humans do their work, all that effort.

And we're still early in a cycle of really arming the cyber teams, the infrastructure management data center management teams, the DevOps snap dev teams with everything they need. Ultimately leads to... you now have got petabytes, or zetabytes or exabytes of data flowing across data services and data frameworks to serve those groups. What else can you do with that data? I think the next big add for Plunk over the next three to five years, is continuing to harness the ecosystem that has deep understanding and insight on HR optimization, finance optimization, sales optimization, marketing optimization, so they can take advantage of that data effectively to continue to drive organizations forward. So with your example of...

Daniel Newman: Just say the start the example. I think they can probably cut that out here. Do you remember where you were going?

Doug Merritt: So going back to the example that you had of digital native organizations and they're, they're there and they're already there. You look at that big, the Facebooks, the Googles that... when you really look inside the company, they're not there yet. There is very little automation to understand employee sentiment, and whether you're at risk of losing an individual, it's all possible. Now all of us are interfacing with systems in a company every single day. But when you look to these different departments and the different industries and functions, as you're gathering all this data, there's going to be huge opportunity to drive further optimization above and beyond just getting to a effective digital posture so that you can compete more effectively and serve your customers. So a lot of runway for Plunk and companies like Plunk to continue to serve the constituencies that they primarily target, but then leverage the data that's being gathered to expand beyond those initial constituencies.

Daniel Newman: And I'll tell you what, Doug, I've seen a lot of investment across tech over the past 12 months that are all signaling, that the track you're on is a track of critical importance. And I'm not even going to start to try to name the number of acquisitions I've seen of observability tools, of ITOps tools of SecOps tools. I mean, companies understand cloud observability and being able to get a massive read across multiple applications, concurrently, leveraging all that data is a big cog in a winning formula in this, sort of rapidly exponentially growing data and sprawling IT ecosystem that enterprises are dealing with.

Doug Merritt: I agree. I agree.

Daniel Newman: I'll keep it simple there, Doug. Well, listen, I want to say thank you so much. We've come to the end of our time. Now, it's been amazing having you back to



back for keynote appearances here at the Six Five Summit, Doug Merritt CEO and President of Splunk. Doug, we'll have to have you back again soon.

Doug Merritt: Thank you Daniel, I'm looking forward to it. Keep up the great work.

Daniel Newman: Everyone out there, stick with us for the rest of this day. We've got a number of tremendous speakers that are going to help us bring home this year's Six Five Summit, but remember, all these sessions are on demand. So whether you only caught part of this one with Doug or any of our sessions since Monday, please feel free, click watch, share, join us. We love having you here. We'll see you later.