**Startup Failure Post-Mortems 2014 Second Update (9/24/2014)**

### Nirvanix

Title: [A Nirvanix Postmortem – Why There’s No Replacement For Due Diligence](http://www.forbes.com/sites/benkepes/2013/09/28/a-nirvanix-post-mortem-why-theres-no-replacement-for-due-diligence/)  
Title Link: <https://www.forbes.com/sites/benkepes/2013/09/28/a-nirvanix-post-mortem-why-theres-no-replacement-for-due-diligence/?sh=79d18d612556>

Product: [Nirvanix](https://www.cbinsights.com/company/nirvanix)  
Product Link: <https://www.cbinsights.com/company/nirvanix>

The cloud is great. Outsourcing is great. Unreliable services aren’t. The bottom line is that no one cares about your data more than you do – there is no replacement for a robust due diligence process and robust thought about avoiding reliance on any one vendor.

# Nirvanix

INTERNET | Internet Software & Services / Data Storage  
[nirvanix.com](https://nirvanix.com/)

## Founded Year

1998

## Stage

Dead | Dead

## Total Raised

$70M

## About Nirvanix

Nirvanix is a provider of enterprise-class cloud storage services designed specifically for customers with expectations of extreme security, reliability and redundancy. Under its CloudComplete portfolio, Nirvanix offers fully managed public, hybrid and private cloud storage services with usage-based pricing. The company's second generation technology is utilized by IT OEMs and is fully integrated with third-party backup and archiving software products and appliances, enabling One Click to the Cloud.In September 2013, Nirvanix shut down notifiying users they needed to migrate their data

## Nirvanix Headquarter Location

9191 Towne Centre Drive Suite 510

San Diego, California, 92122,

United States

619-764-5650

# **A Nirvanix Post Mortem - Why There's No Replacement For Due Diligence**

**By Ben Kepes Former Contributor Sep 28, 2013,05:40am**

**Title Link:** <https://www.forbes.com/sites/benkepes/2013/09/28/a-nirvanix-post-mortem-why-theres-no-replacement-for-due-diligence/?sh=79d18d612556>

A couple of weeks ago the industry was stunned when cloud storage provider Nirvanix sent an email customers advising them that the company would be shutting down in a fortnight - while the consumer space is used to services coming and going, this was an unreservedly enterprise-grade service - and one that had raised $70M in venture funding to boot. Not only were customers told that the company was shutting down, but they also had to find alternative providers in very short order.

As is often the case in situations like this, there were plaintive wails from the naysayers that this is an example of why cloud computing can't be trusted and why we should all move back to the days of old. Presumably those same naysayers want us to use green-screen monitors, have a crusty old mainframe in the basement and use telex machines for communications... but I digress.

Contrary to what people might tell you, Nirvanix' admittedly awful turn of events isn't a death knell for the cloud industry, any more than PRISM is (and more about that subject another time). What it is though, is a reminder that even with a move to the cloud and the attendant ability to focus on core business while third party minions tend to our infrastructure, there are still some requirements on customers to ensure that they, their data, and their organizations future remains secure.

Today some clarity came from Nirvanix, who tore down their website and left a statement telling customers how to get in touch with customer support. The statement helpfully advises customers that they need to actively participate in retrieving their data off Nirvanix servers and, interestingly enough, advises that Nirvanix has an [IBM](https://www.forbes.com/companies/ibm/) team ready to help customers. Many would say that this is too little, too late. That said, for Nirvanix customers, many of whom are in sheer panic about the terabytes of data they need to shift, any help is useful at this time.

I wrote a [post](http://diversity.net.nz/nirvanix-and-the-need-for-enterprise-due-diligence-oxygenclouds-third-way/2013/09/26/) last week setting out a couple of guidelines for organizations to avoid getting into trouble when outsourcing IT. While arguably the advice wouldn't have helped in this particular case, it's well worth revisiting and reiterative what it takes to be safe and secure when outsourcing IT to the cloud:

**Do Your Homework!**

The move to the cloud is an awesome thing – more flexibility, more focus, the chance to abstract non-core operations out to third parties – all the benefits we’ve been talking about for years. But with those very real benefits come some risks. Not risks that mean we shouldn’t use cloud at all, but risks that mean that the due diligence process is more robust than ever before. Things enterprises need to think about during DD include:

* Who is this vendor? Are they well funded and secure Will their business exist tomorrow and into the future? How much downstream damage would there be if they vanished into the ether?
* What are their SLAs? Is there an escrow agreement which covers the data in the event that they cease operations? Is there an agreed export model in the event that you want out? Is there an agreement in terms of notice periods?
* Do they have pre-existing arrangements with other parties that could help in the event that they go out of business

Now in the case of Nirvanix, it’s possible that DD wouldn't have uncovered issues – they were well funded, a “mature” player and had enterprise SLAs in place. **But maybe their customers, given hindsight, would have been wise to negotiate hard for data escrow provisions or some other protections**.

**Think Hybrid!**

I love the cloud – it has changed the world for the better and delivers massive opportunities for organizations. But with it comes some risks – we’re increasingly prepared to trust that our data, stored in third party locations, will always be accessible. But how realistic is this? Perhaps the onus is on us as customers to ensure that there is always a “Plan B”. Maybe we need to think about data storage in a hybrid way. Perhaps by using solutions that backup our data onto either another third party or to our own local storage (and yes, I know that will sound like heresy to some).

Fundamentally, customers need to stop and think about what happens to their data when they only have one storage provider and that storage provider has a major outage, or worse, goes out of business?

**Kay Takeaways**

The cloud is great. Outsourcing is great. Unreliable services aren't. The bottom line is that no one cares about your data more than you do - there is no replacement for a robust due diligence process and robust thought about avoiding reliance on any one vendor. Luckily there are many vendors in the marketplace who take the role of intermediaries - brokering service and storage across a number of different providers - judging by the press that one of these vendors, OxygenCloud, has been getting since the Nirvanix news hit, this is a model that more and more organizations are thinking seriously about.

*Ben Kepes is a technology evangelist, an investor, a commentator and a business adviser. Ben covers the convergence of technology, mobile, ubiquity and agility, all enabled by the Cloud. His areas of interest extend to enterprise software, software integration, financial/accounting software, platforms and infrastructure as well as articulating technology simply for everyday users. Read more about Ben [here](http://www.diversity.net.nz/who-we-are-2/).*

**Reaction to Nirvanix Shutdown Reiterates Importance of Backup**

September 21, 2013

Nirvanix is a cloud storage service provider with a lot of promise. It has smart technology, smart people running it, previous VC backing and a number of name-brand customers, such as Fox Sports, National Geographic and NASA.

But even smart companies can suffer crippling business problems; we could name a long list of IT companies that fit this category, including Sun Microsystems, DEC, BlackBerry and so on.

Nirvanix is a rarity: a storage company threatening to go out of business. With the ever-mounting deluge of data being created in the world, there’s always a need for somebody to house it. But Nirvanix apparently has other difficulties.

The San Diego-based company [started informing its customers on Sept. 16](https://www.eweek.com/storage/reaction-to-nirvanix-shutdown-reiterates-importance-of-backup/https://www.eweek.com/storage/nirvanix-going-under-gives-customers-two-weeks-notice) that it was having financial difficulties in not securing another round of funding, that the market pressures to sell were too much for it to handle, and that they had two weeks to remove all their data from its cloud.

Two weeks. For companies with petabytes of data in the Nirvanix stores, this was not a welcome bit of information.

Reaction to this news was insightful. *eWEEK* put together a set of questions and collected perspectives from several notable storage executives. Here are the questions and how they answered them.

**What does the surprise failure of Nirvanix signify to you and your company?**

Nicos Vekiarides, CEO of TwinStrata:

“We see this as a validation that every cloud storage strategy needs to incorporate a contingency plan. For the cautious, this may mean an aggressive multi-provider strategy in which data is simultaneously backed to two providers at once. But for most, it will be enough to either design a readily available migration path, in which data can easily be moved from one provider to another if necessary, or incorporate a hybrid strategy that stores or caches copies of their data locally. Such a path not only addresses emergency situations such as these, but also provides the company flexibility to avoid vendor lock-in, a critical component to consider for the agility of their overall IT strategy.

“On the one hand, the failure amplifies the hybrid/multi-cloud message we’ve been trying to educate the market with. On the other hand, we are saddened that this has happened to a partner of ours, and we are driven to action with our services team focused on helping migrate Nirvanix users during this urgent time.”

Rob McDonald, director of Product Marketing, Quantum Cloud Solutions:

“Data protection can be ideally augmented when using the cloud. Quantum recommends having an offsite cloud copy, while still retaining a full copy on premise, as a data protection best practice. The Nirvanix shutdown underscores the importance of retaining a full copy of data on premise. That’s why we offer this option in our Q-Cloud data protection service. Having an on-premise copy provides fast restores that, when combined with an offsite copy, gives full protection for any situation.”

**What does this mean to the market in general for buying cloud storage?**

Mark Goros, CEO of Caringo:  
“The alleged failure of Nirvanix is unexpected but shouldn’t come as a surprise. Cloud services are not immune to business fundamentals. Nirvanix tried to develop their own proprietary software and also manage their own infrastructure which is challenging and capital intensive. What we recommend for other service providers or enterprises looking at public cloud storage services is to also evaluate software solutions instead of developing their own solution. Most organizations have their own data centers and can simply install object storage and cloud storage solutions like Caringo’s on the hardware of their choice, dramatically reduce their costs, optimize their resources and simplify ongoing management.”

Liran Eshel, CEO of CTERA:

“Nirvanix’s premature demise demonstrates that one size does not fit all. Nirvanix was trying to go for the high end of the enterprise market, but couldn’t differentiate itself enough to justify its aspirations. With Amazon setting the tone for large volume, bread-and-butter storage, and bundling it with a full compute stack, other service providers must differentiate their offerings by either verticalizing them, making them part of a fully managed service or by delivering high value integrated application support for specific use cases like backup, disaster recovery, ROBO storage or file sync and share.”

Andres Rodriguez, CEO of Nasuni:

“Nirvanix’s news shows that, unless you do your homework, cloud storage can still be a scary place. Our ongoing testing of public cloud storage providers show that, right now, there are only two that meet enterprise standards for reliability and performance: Amazon S3 and Microsoft Azure. And even with these two providers, we’ve developed backstops like cloud mirroring in case of failure. Cloud storage is definitely enterprise-ready, but only if you use an enterprise-ready service.”

Nicos Vekiarides, CEO of TwinStrata:

“The obvious answer is it raises more concern around the viability of some cloud storage providers. It certainly doesn’t change the perception of what I’d call Tier 1 providers (Google, IBM/Softlayer, Amazon, AT&T, Rackspace, HP, Microsoft, etc.), but it can make users think twice about storing data at a smaller provider. At the same time, it raises awareness of the utility of using a multi-provider, hybrid cloud storage gateway.

“The obvious effect is that some organizations evaluating cloud storage may be spooked in the short term. Long term, cloud storage adoption will still maintain a strong pace because the cost and administrative savings are just too compelling to ignore. We recently conducted a survey that we plan to release next week that demonstrates the clear advantages cloud storage provides from a disaster recovery perspective as well.”

**The cloud business has spent a lot of time and money building up trust in the market. How much has this one failure hurt the industry?**

Nicos Vekiarides, CEO of TwinStrata:

“The failure of a single vendor does not signify a failure of the entire industry. In the case of Nirvanix, they became a smaller cloud storage provider in what has evolved into a sea of behemoths. With their focus on the enterprise segment of the market, Nirvanix chose to pursue opportunities with longer sales cycles and a bit slower adoption than the mid-market and SMB. While the technology was sound, the strategy was ambitious, and they made a good run at it. In the end, the course they took can and will be dissected in various ways, but they simply did not succeed.

“This one (well-publicized) failure may have short-term ramifications in terms of longer sales cycles as people consider their options more cautiously, but longer term, the obvious benefits experienced and communicated by the organizations using cloud storage provide a mountain of evidence to its value.

“In spite of Nirvanix’s outcome, other cloud providers continue to flourish and rapidly expand, indicating that cloud storage is here to stay.”

Reaction to Nirvanix Shutdown Reiterates Importance of Backup

By **[Chris Preimesberger](https://www.eweek.com/author/cpreimesberger/)**  - September 21, 2013

[](https://www.eweek.com/wp-content/uploads/2020/10/Nirvanix-cloud-storage190x128_3.jpg)

Nirvanix is a cloud storage service provider with a lot of promise. It has smart technology, smart people running it, previous VC backing and a number of name-brand customers, such as Fox Sports, National Geographic and NASA.

But even smart companies can suffer crippling business problems; we could name a long list of IT companies that fit this category, including Sun Microsystems, DEC, BlackBerry and so on.

Nirvanix is a rarity: a storage company threatening to go out of business. With the ever-mounting deluge of data being created in the world, there’s always a need for somebody to house it. But Nirvanix apparently has other difficulties.

The San Diego-based company [started informing its customers on Sept. 16](https://www.eweek.com/storage/nirvanix-going-under-gives-customers-two-weeks-notice) that it was having financial difficulties in not securing another round of funding, that the market pressures to sell were too much for it to handle, and that they had two weeks to remove all their data from its cloud.

Two weeks. For companies with petabytes of data in the Nirvanix stores, this was not a welcome bit of information.

Reaction to this news was insightful. *eWEEK* put together a set of questions and collected perspectives from several notable storage executives. Here are the questions and how they answered them.

**What does the surprise failure of Nirvanix signify to you and your company?**

Nicos Vekiarides, CEO of TwinStrata:

“We see this as a validation that every cloud storage strategy needs to incorporate a contingency plan. For the cautious, this may mean an aggressive multi-provider strategy in which data is simultaneously backed to two providers at once. But for most, it will be enough to either design a readily available migration path, in which data can easily be moved from one provider to another if necessary, or incorporate a hybrid strategy that stores or caches copies of their data locally. Such a path not only addresses emergency situations such as these, but also provides the company flexibility to avoid vendor lock-in, a critical component to consider for the agility of their overall IT strategy.

“On the one hand, the failure amplifies the hybrid/multi-cloud message we’ve been trying to educate the market with. On the other hand, we are saddened that this has happened to a partner of ours, and we are driven to action with our services team focused on helping migrate Nirvanix users during this urgent time.”

Rob McDonald, director of Product Marketing, Quantum Cloud Solutions:

“Data protection can be ideally augmented when using the cloud. Quantum recommends having an offsite cloud copy, while still retaining a full copy on premise, as a data protection best practice. The Nirvanix shutdown underscores the importance of retaining a full copy of data on premise. That’s why we offer this option in our Q-Cloud data protection service. Having an on-premise copy provides fast restores that, when combined with an offsite copy, gives full protection for any situation.”

**What does this mean to the market in general for buying cloud storage?**

Mark Goros, CEO of Caringo:  
“The alleged failure of Nirvanix is unexpected but shouldn’t come as a surprise. Cloud services are not immune to business fundamentals. Nirvanix tried to develop their own proprietary software and also manage their own infrastructure which is challenging and capital intensive. What we recommend for other service providers or enterprises looking at public cloud storage services is to also evaluate software solutions instead of developing their own solution. Most organizations have their own data centers and can simply install object storage and cloud storage solutions like Caringo’s on the hardware of their choice, dramatically reduce their costs, optimize their resources and simplify ongoing management.”

Liran Eshel, CEO of CTERA:

“Nirvanix’s premature demise demonstrates that one size does not fit all. Nirvanix was trying to go for the high end of the enterprise market, but couldn’t differentiate itself enough to justify its aspirations. With Amazon setting the tone for large volume, bread-and-butter storage, and bundling it with a full compute stack, other service providers must differentiate their offerings by either verticalizing them, making them part of a fully managed service or by delivering high value integrated application support for specific use cases like backup, disaster recovery, ROBO storage or file sync and share.”

Andres Rodriguez, CEO of Nasuni:

“Nirvanix’s news shows that, unless you do your homework, cloud storage can still be a scary place. Our ongoing testing of public cloud storage providers show that, right now, there are only two that meet enterprise standards for reliability and performance: Amazon S3 and Microsoft Azure. And even with these two providers, we’ve developed backstops like cloud mirroring in case of failure. Cloud storage is definitely enterprise-ready, but only if you use an enterprise-ready service.”

Nicos Vekiarides, CEO of TwinStrata:

“The obvious answer is it raises more concern around the viability of some cloud storage providers. It certainly doesn’t change the perception of what I’d call Tier 1 providers (Google, IBM/Softlayer, Amazon, AT&T, Rackspace, HP, Microsoft, etc.), but it can make users think twice about storing data at a smaller provider. At the same time, it raises awareness of the utility of using a multi-provider, hybrid cloud storage gateway.

“The obvious effect is that some organizations evaluating cloud storage may be spooked in the short term. Long term, cloud storage adoption will still maintain a strong pace because the cost and administrative savings are just too compelling to ignore. We recently conducted a survey that we plan to release next week that demonstrates the clear advantages cloud storage provides from a disaster recovery perspective as well.”

**The cloud business has spent a lot of time and money building up trust in the market. How much has this one failure hurt the industry?**

Nicos Vekiarides, CEO of TwinStrata:

“The failure of a single vendor does not signify a failure of the entire industry. In the case of Nirvanix, they became a smaller cloud storage provider in what has evolved into a sea of behemoths. With their focus on the enterprise segment of the market, Nirvanix chose to pursue opportunities with longer sales cycles and a bit slower adoption than the mid-market and SMB. While the technology was sound, the strategy was ambitious, and they made a good run at it. In the end, the course they took can and will be dissected in various ways, but they simply did not succeed.

“This one (well-publicized) failure may have short-term ramifications in terms of longer sales cycles as people consider their options more cautiously, but longer term, the obvious benefits experienced and communicated by the organizations using cloud storage provide a mountain of evidence to its value.

“In spite of Nirvanix’s outcome, other cloud providers continue to flourish and rapidly expand, indicating that cloud storage is here to stay.”