



**Trending:** SpaceX's Elon Musk isn't smiling over NASA authorization for Mars missions (<http://www.geekwire.com/2017/spacex-elon-musk-nasa-authorization-mars/>)

Cloud Tech (<http://www.geekwire.com/cloud/>)

Presented by



## 'OpenStack is not going to be an Amazon killer': Open-source cloud tech faces U.S. market realities

BY DAN RICHMAN ([HTTP://WWW.GEEKWIRE.COM/AUTHOR/DRICHMAN/](http://www.geekwire.com/author/drichman/)) on December 27, 2016 at 12:14 pm



Sriram Subramanian, founder and CEO of consultancy CloudDon, organized Seattle's OpenStack Days event in September 2016. (Dan Richman/GeekWire)

The year 2016 has been huge for the big public-cloud providers, with Amazon Web Services on track to a \$12-billion year (<http://www.geekwire.com/2016/amazon-without-aws-online-retailer-posted-big-loss-not-booming-cloud-business/>) and revenue from Microsoft Azure more than doubling (<http://www.geekwire.com/2016/microsofts-cloud-computing-business-posts-6-4b-q1-revenue-accounts-29-total-sales/>) in recent quarters. But it's been a correspondingly tough year in the U.S. for OpenStack, the leading open-source cloud-creation software, experts say.

"I'm not seeing any imminent death, but one thing is clear: OpenStack is not going to be an Amazon killer," said Sriram Subramanian, founder and CEO of Seattle consultancy CloudDon (<http://www.clouddon.com/>) and the organizer of the OpenStack Days (<http://www.geekwire.com/2016/openstack-private-cloud-software-getting-attention-big-companies/>) users' conference in Seattle in September. "There is no public cloud service provider based on OpenStack in the U.S. that can challenge Amazon now, and at the same time there's a disillusionment around private cloud in general. That's the reality."

OpenStack was born in 2010 as an open-source way to create public and private clouds. It was entrusted to a foundation in 2012, according to its official history (<http://docs.openstack.org/project-team-guide/introduction.html>). Initial adoption was tepid, but its popularity grew (<http://www.infoworld.com/article/2843352/cloud-computing/with-more-enterprise-uptake-openstack-turns-a-corner.html>) by 2014, with demand exceeding supply for OpenStack engineers and numerous companies planning adoptions. As recently as April, OpenStack was characterized (<https://www.nextplatform.com/2016/04/28/openstack-could-pace-stack/>) as having a growing and vibrant community. But now, it's facing a growing and vibrant community.

The years 2014 and 2015 saw a lot of consolidation among OpenStack-oriented startups, and OpenStack creator Rackspace earlier this year “stopped pushing OpenStack and started calling itself a managed-service cloud manager,” Subramanian said. As noted (<http://fortune.com/2016/12/19/openstack-public-cloud/>) by Fortune reporter Barb Darrow, last month longtime OpenStack proponent (<http://www.geekwire.com/2016/struggling-keep-pace-cloud-hewlett-packard-enterprise-cuts-staff/>) Hewlett Packard Enterprise sold its OpenStack assets to German Linux firm SUSE, and Cisco killed off (<http://www.geekwire.com/2016/another-one-bites-dust-cisco-discontinues-1b-cloud-initiative-aws-azure-others-expand/>) its InterCloud offering, which was based on OpenStack.



Jonathan Bryce, OpenStack Foundation's executive director. (Via OpenStack Foundation).

Those developments, along with AWS's seeming invincibility, lead Subramanian to conclude that OpenStack has diminished chances of success as a top-tier public-cloud service in this country. OpenStack Foundation Executive Director Jonathan Bryce agrees, but both execs maintain that OpenStack still has role to play as a U.S. public-cloud provider.

“There has been consolidation and shifts in product plans, which is a natural part of a six-year-old technology,” he said. “What gets lost among the dramatic headlines is that HPE and Cisco still have OpenStack product lines they’re continuing and investing in. I don’t think we’ll see an OpenStack public-cloud challenger in the U.S. to compete with the Big Three (AWS, Azure and Google Cloud) anytime soon — they are hyperscale and in a different class — but the public-cloud market is bigger than just them.”

Bryce pointed to OVH, a French company with a growing network of data centers, mostly in Europe but including five in eastern Canada (<http://status.ovh.com/vms/>). Rackspace still has a large U.S. OpenStack public cloud, he said, with data centers (<https://www.rackspace.com/about/datacenters>) in Chicago, Dallas and northern Virginia. Internap is one of the larger U.S.-based OpenStack-based public-cloud providers, with seven data centers in the U.S., Canada and Europe.

Why would an organization choose OpenStack over one of the Big Three as a public-cloud service? Because it allows a stronger focus on vertical industries, such as insurance or banking, Bryce said. It can offer savings on compute-intensive processes such as GPU-heavy rendering. And it’s a lot more flexible than the “menu-driven” offerings from AWS and its ilk, he said.

OpenStack was envisioned as a creator of private as well as public clouds. At least in the U.S., though, the difficulties of creating private clouds, including the need for in-house expertise and training and the expense of operations, have caused more and more companies to give up on the idea and instead use the public cloud, Subramanian said. Still, he said, “there will always be companies that want or need to keep their data on-premises, and OpenStack can serve them well.”

Outside of the U.S., OpenStack may have a larger role to play, as the basis for both public and private clouds.



According to a report this month (<https://www.forrester.com/report/OpenStacks+Global+Traction+Expands+For+Its+Newton+Release/-/E-RES136209>) from Forrester analyst Lauren Nelson, “21 (non-U.S.) public clouds self-report that they’re based on OpenStack, including China Mobile, Huawei, NTT Communications, OVH, T-Systems, and UK Cloud . . . The U.S. public cloud market has largely settled, but every other market is still in flux.” China is OpenStack’s largest single region, and telcos are among its biggest users, Nelson said. (<https://twitter.com/interntweet?card=0&lang=en>) (<https://www.geekwire.com/2016/another-one-bites-dust-cisco-discontinues-1b-cloud-initiative-aws-azure-others-expand/>) (<http://fortune.com/2016/12/19/openstack-public-cloud/>)

Some companies are even abandoning the public cloud in favor of private, OpenStack-based clouds, Bryce said. "We've seen a wave this year of companies that went very heavily into the public cloud and then started to bring pieces of their workload back in-house with an OpenStack private cloud because it was dramatically cheaper for steady-state workloads."

One such company, New Delhi-based e-commerce firm Snapdeal, was "all-in on AWS and pulled back (<http://superuser.openstack.org/articles/leading-india-e-commerce-site-launches-openstack-hybrid-cloud/>) a lot of their workload into an OpenStack private cloud," Bryce said.

National data-residency requirements in Europe make it imperative to keep data local, increasing the appeal of local clouds, Subramanian said. Of course, as the public-cloud giants build data centers in more and more European countries, that OpenStack advantage may wane.

In his consulting business, Subramanian is "doing a lot less talking about OpenStack these days," he said, though the inquiries he does field tend to envision larger installations than those of two years ago.

The OpenStack Days events, which have been held annually in roughly 30 cities during recent years, will likely be consolidated, and Seattle probably won't have one next year, he said.

---

#### Sponsor Post



### (<http://salesforce.com/tech>)Salesforce Talks Tech in the Architecture Files (<https://medium.com/salesforce-engineering/tagged/architecture-files>)

There's code behind the cloud: lots of it. Running 24x7, data-intensive, distributed services at scale requires some serious engineering. Follow Salesforce Architect Ian Varley as he traces the solutions to those architectural puzzles in his series, The Architecture Files (<https://medium.com/salesforce-engineering/tagged/architecture-files>) on our Salesforce Engineering Medium blog (<https://medium.com/salesforce-engineering>).

**Tickets on sale now for the inaugural (<https://www.geekwire.com/events/geekwire-cloud-tech-summit-2017/>) GeekWire Cloud Tech Summit (<https://www.geekwire.com/events/geekwire-cloud-tech-summit-2017/>)**



(<https://www.geekwire.com/events/geekwire-cloud-tech-summit-2017/>)

---

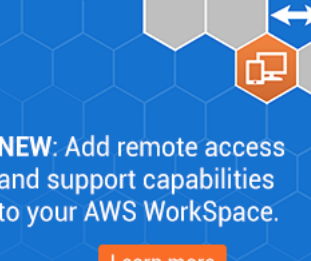
#### More Cloud Tech

**Microsoft and Publicis strike cloud partnership for data-driven ad targeting** (<http://www.geekwire.com/2017/microsoft-publicis-strike-cloud-partnership-data-driven-ad-targeting/>)

**Amazon Chime team responds to trademark suit, claims it wasn't aware of competing Chime service** (<http://www.geekwire.com/2017/amazon-chime-team-responds-trademark-suit-claims-wasnt-aware-competing-chime-service/>)

**Adobe unveils new Microsoft HoloLens and Amazon Alexa integrations** (<http://www.geekwire.com/2017/adobe-unveils-new-microsoft-hololens-and-amazon-alexa-integrations/>)

|   |   |   |   |
|---|---|---|---|
| f | <a href="https://twitter.com/intent/tweet?url=http://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/">https://twitter.com/intent/tweet?url=http://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/</a> | <a href="https://www.facebook.com/geekwire/posts/10155555555555555">https://www.facebook.com/geekwire/posts/10155555555555555</a> | <a href="https://www.linkedin.com/shareArticle?mini=true&amp;url=http://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/">https://www.linkedin.com/shareArticle?mini=true&amp;url=http://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/</a> |
|---|---|---|---|



**NEW:** Add remote access and support capabilities to your AWS WorkSpace.

[Learn more](#)

## Related Stories



(<http://www.geekwire.com/2016/openstack-private-cloud-software-getting-attention-big-companies/>)

**Why the OpenStack private-cloud software is getting the attention of big companies (<http://www.geekwire.com/2016/openstack-private-cloud-software-getting-attention-big-companies/>)**



(<http://www.geekwire.com/2017/aws-premises-provider-stratoscale-acquires-database-service-company-tesora/>)

**'AWS on premises' provider Stratoscale acquires database-as-a-service company Tesora (<http://www.geekwire.com/2017/aws-premises-provider-stratoscale-acquires-database-service-company-tesora/>)**



(<http://www.geekwire.com/2016/struggling-keep-pace-cloud-hewlett-packard-enterprise-cuts-staff/>)

Hewlett Packard Enterprise cuts staff as it struggles to keep pace in the cloud (<http://www.geekwire.com/2016/struggling-keep-pace-cloud-hewlett-packard-enterprise-cuts-staff/>)



(<http://www.geekwire.com/2016/samsungs-fledgling-cloud-consultancy-growing-seattle-reinforcing-regions-infrastructure-cred/>)

Samsung's cloud consultancy is growing in Seattle, reinforcing region's infrastructure cred (<http://www.geekwire.com/2016/samsungs-fledgling-cloud-consultancy-growing-seattle-reinforcing-regions-infrastructure-cred/>)

## Previous Story

Police seek Amazon Echo data in Arkansas hot tub murder  
(<http://www.geekwire.com/2016/amazon-alexa-recordings-murder-case/>)

**Next Story**

Microsoft's chatbot gone bad, Tay, makes MIT's annual list of biggest technology fails (<http://www.geekwire.com/2016/microsoft-chatbot-tay-mit-technology-fails/>)

Like what you're reading? Subscribe to GeekWire's free newsletters to catch every headline

Enter your email address

Subscribe

### Comments

### Most Popular on GeekWire



(https://twitter.com/intent/tweet?url=http%3A%2F%2Flinked.in%2Fsearch%3Fq%3Dmarket%26source%3Dsocial&text=



(<http://www.geekwire.com/2017/seattle-portland-pacific-hyperloop/>)

**Seattle to Portland in 15 minutes? Pacific Hyperloop begins**

**campaign to make it so** (<http://www.geekwire.com/2017/seattle-portland-pacific-hyperloop/>)



(<http://www.geekwire.com/2017/boy-meets-artificial-girl-son-got-echo-dot-heres-hes-saying-amazons-alexa/>)

**Boy meets artificial girl: My son got an Echo Dot, and here's what he's saying to Amazon's**

**Alexa** (<http://www.geekwire.com/2017/boy-meets-artificial-girl-son-got-echo-dot-heres-hes-saying-amazons-alexa/>)



(<http://www.geekwire.com/2017/amazon-prime-air-delivery-drone-mars/>)

**Amazon Prime Air delivery drone drops off sunscreen during semi-public U.S. debut** (<http://www.geekwire.com/2017/amazon-prime-air-delivery-drone-mars/>)



(<http://www.geekwire.com/2017/realself-employee-fought-off-sexual-assault-training-learned-work-now-startup-offering-class-public/>)

public/)

**RealSelf employee fought off sexual assault with training she learned at work — and now the startup is offering the class to the public** (<http://www.geekwire.com/2017/realself-employee-fought-off-sexual-assault-training-learned-work-now-startup-offering-class-public/>)

## Job Listings on GeekWork



(<http://www.geekwire.com/jobs/job/offerup-seattle-bellevueeastside-2-operations-engineer-devops-data/>)

**Site Reliability Engineer – Data Systems** (<http://www.geekwire.com/jobs/job/offerup-seattle-bellevueeastside-2-operations-engineer-devops-data/>)

OfferUp



(<http://www.geekwire.com/jobs/job/offerup-seattle-bellevueeastside-2-sr-software-development-engineer-backend/>)

**Sr. Software Development Engineer – Backend** (<http://www.geekwire.com/jobs/job/offerup-seattle-bellevueeastside-2-sr-software-development-engineer-backend/>)

OfferUp



(<http://www.geekwire.com/jobs/job/resin-io-seattle-2-iot-solution-architect/>)

**IoT Solution Architect** (<http://www.geekwire.com/jobs/job/resin-io-seattle-2-iot-solution-architect/>)

Resin.io

Find more jobs on GeekWork (/jobs/). Employers, post a job here (/jobs/pricing/).

## A Word From Our Sponsors



(<http://www.geekwire.com/sponsor-post/condos-go-go-burrard-group-realogics-sothebys-international-realty-sell-200-million-units-debut-weekend-nexus-tower/>)

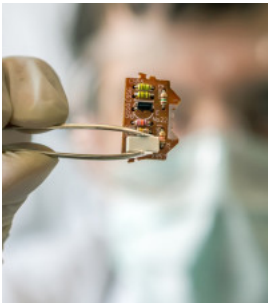
**Condos a go-go: Burrard Group and Realogics Sotheby's International Realty sell more than \$200 million in units during debut weekend of NEXUS Tower** Read More (<http://www.geekwire.com/sponsor-post/condos-go-go-burrard-group-realogics-sothebys-international-realty-sell-200-million-units-debut-weekend-nexus-tower/>)

units-debut-weekend-nexus-tower/) <https://twitter.com/intent/tweet?url=http://www.geekwire.com/sponsor-post/condos-go-go-burrard-group-realogics-sothebys-international-realty-sell-200-million-units-debut-weekend-nexus-tower/> <https://www.linkedin.com/sharing/share-offsite/?url=http://www.geekwire.com/sponsor-post/condos-go-go-burrard-group-realogics-sothebys-international-realty-sell-200-million-units-debut-weekend-nexus-tower/> <https://www.facebook.com/sharer/sharer.php?u=http://www.geekwire.com/sponsor-post/condos-go-go-burrard-group-realogics-sothebys-international-realty-sell-200-million-units-debut-weekend-nexus-tower/> [mailto:info@geekwire.com](mailto:mailto:info@geekwire.com)





(<https://www.geekwire.com/memberships/>)



(<https://www.stratos.com/project/are-your-product-launches-predictable>)



(<http://www.geekwire.com/sponsor-post/sparc-apartments-opens-bellevues-innovative-spring-district/>)



(<https://www.geekwire.com/events/geekwire-bash-2017/>)






**GeekWire Memberships: Sign up today!** Learn more and become a GeekWire Member today.  
(<https://www.geekwire.com/memberships/>)

**Are Your Product Launches Predictable?** Learn more about reducing risk in your next project.  
(<https://www.stratos.com/project/are-your-product-launches-predictable>)

**SPARC Apartments Opens at Bellevue's Innovative Spring District** Read More  
(<http://www.geekwire.com/sponsor-post/sparc-apartments-opens-bellevues-innovative-spring-district/>)

**GeekWire Bash: The ultimate geek carnival is almost here!** Get your tickets today!  
(<https://www.geekwire.com/events/geekwire-bash-2017/>)

Galactic Sponsors

|  |   |   |   |
|--|---|---|---|
| <br>( <a href="https://www.salesforce.com/">https://www.salesforce.com/</a> ) |   | <br>( <a href="http://bit.ly/1djjHc1">http://bit.ly/1djjHc1</a> )   |   |
| f  |  ( <a href="https://twitter.com/intent/tweet?url=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/">https://twitter.com/intent/tweet?url=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/</a> ) |  ( <a href="https://www.linkedin.com/shareArticle?mini=true&amp;url=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/">https://www.linkedin.com/shareArticle?mini=true&amp;url=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/</a> ) |  ( <a href="https://www.facebook.com/sharer/sharer.php?u=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/">https://www.facebook.com/sharer/sharer.php?u=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/</a> ) |

## Platinum Sponsors



## Gold Sponsors



## Silver Sponsors



(<https://twitter.com/intent/tweet?url=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/>)



(<https://www.linkedin.com/shareArticle?mini=true&url=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/>)

|   |  |   |  |
|---|--|---|--|
| <br>( <a href="http://www.nuance.com/index.htm">http://www.nuance.com/index.htm</a> ) | <br>( <a href="https://www.stratos.com/">https://www.stratos.com/</a> ) | <br>( <a href="https://www.firsttechfed.com/">https://www.firsttechfed.com/</a> ) | <br>( <a href="https://offerupnow.com/">https://offerupnow.com/</a> ) |
| <br>( <a href="http://corp.sirqul.com/">http://corp.sirqul.com/</a> )                 |  |   |  |

About

- About GeekWire (/about-geekwire/)
- Contact Us (/contact-us/)
- Ask About Advertising (/advertise/)
- Send Us a Tip (/tips/)
- Apply for Startup Spotlight (/startup-spotlight-apply/)
- Apply for Geek of the Week (/apply-geekwire-geek-of-the-week/)
- Become a GeekWire Member (/memberships/)
- Join Our Startup List (/submit-startup/)
- Reprints and Permissions (<http://geekwirereprints.magreprints.com/>)

Follow














-  (<https://www.facebook.com/geekwire>)
-  ([https://twitter.com/intent/user?screen\\_name=geekwire](https://twitter.com/intent/user?screen_name=geekwire))
-  (<https://www.linkedin.com/company/geekwire>)
- + (<https://plus.google.com/+GeekWire>)
-  (/rss-feeds/)
-  (/podcast/)
-  ([https://www.youtube.com/subscription\\_center?add\\_user=GeekWire](https://www.youtube.com/subscription_center?add_user=GeekWire))

GeekWire Newsletters

Catch every headline in your inbox

Subscribe

GeekWire Apps

-  iOS (<http://itunes.apple.com/us/app/geekwire/id482653203?mt=8>)
-  Android (<https://play.google.com/store/apps/details?id=com.geekwire&hl=en>)
-  Apple News ([https://apple.news/T-EsjXXc\\_SUaixm4bcBSpAw](https://apple.news/T-EsjXXc_SUaixm4bcBSpAw))
-  Windows Phone (<http://www.windowsphone.com/en-us/store/app/geekwire/0dc8871a-fdd1-4ce6-bccb-7634199094b4>)
-  Windows 8 (<http://apps.microsoft.com/windows/en-us/app/4a9e25d8-f15d-46c8-bcd8-af27fe04e61e>)
-  Google Play Newsstand (<https://play.google.com/store/newsstand/news?id=C-AOWr7HbCg>)
-  (<https://twitter.com/intent/tweet?url=https://www.geekwire.com/2016/openstack-not-going-amazon-killer-open-source-cloud-tech-faces-u-s-market-realities/>)
-  (<https://www.facebook.com/geekwire>)
-  (<https://www.linkedin.com/company/geekwire>)
- + (<https://plus.google.com/+GeekWire>)
-  (/rss-feeds/)
-  (/podcast/)
-  ([https://www.youtube.com/subscription\\_center?add\\_user=GeekWire](https://www.youtube.com/subscription_center?add_user=GeekWire))



GeekWire Developer Blog (/devblog/)

⬆ Return to Top of Page

[Privacy Policy \(/privacy/\)](#) | [Terms of Use \(/termsofuse/\)](#)

© 2011-2017 GeekWire, LLC