

# Cloudscaling updates OpenStack software, touts common architecture for cloud operators

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Cloudscaling, an enterprise supporter of the OpenStack open source software, reports continued growth and movement of OpenStack from smaller test and proof-of-concept deployments into production. Describing itself as a provider of OpenStack IaaS for private and hybrid clouds, Cloudscaling has focused on supporting large enterprise customers and their OpenStack deployments as they scale up. Its Open Cloud System (OCS) software and services include planning, strategy, onboarding, post-deployment support and training, which matches the state of the open source cloud software that is compelling to IT leaders and managers, but also still very complex. Cloudscaling and its co-founder and CEO Randy Bias are among the most vocal proponents of a common OpenStack architecture that prioritizes API compatibility with other clouds such as Amazon Web Services and Google Compute Engine. Aligned with this thinking and strategy, Cloudscaling also stresses that the OpenStack market is not a zero-sum game, and given our experience and coverage of the Linux OS and market, we would agree. Cloudscaling also focuses on enterprise readiness, claiming about 15% of its revenue comes from services and 85% from subscriptions, which are growing as more enterprises secure perpetual license agreements. Cloudscaling has 35 employees, and has thus far raised a total of \$14m in two rounds from Trinity Ventures, Juniper and Seagate.

## **The 451 Take**

Cloudscaling benefits from having gone through large OpenStack deployments with large customers for more than a year, giving it experience in the actual implementation of OpenStack and also in serving large enterprise customers. The company stands to gain from the growing number of production deployments of OpenStack that go beyond the departmental and proof-of-concept uses we have mostly seen thus far. At the same time, the competitive threats are also growing as fellow OpenStack community members and other cloud providers continue to target enterprise customers and private and hybrid clouds as well. While we think other priorities may trump OpenStack API compatibility, we like Cloudscaling's common architecture concept and it's likely large customers interested in private and hybrid clouds do too.

## **Products**

Cloudscaling has updated its Open Cloud System software to OCS 3.0 in sync with the latest Icehouse release of OpenStack, which is updated every six months. The company calls OCS 3.0 an IaaS for private and hybrid clouds with particular appeal for cloud operators. OCS 3.0 includes new graduated sub-projects of OpenStack that were released with Icehouse, including Heat orchestration and Ceilometer monitoring and metering. Cloudscaling stresses its OpenStack software and support go beyond installation and setup of OpenStack clouds and carry into cloud operator needs and tools, such as monitoring, troubleshooting and remaining robust. This includes the OCS 3.0 cloud operator Web UI, log search and analysis and API-centricity that allows integration and injection of other software and tools such as homegrown scripts or automation engines. Touting that its software is based on 100% community OpenStack code, Cloudscaling also says it allows users and customers to choose other infrastructure options and tools, including 11 other supported clouds, thus alleviating vendor lock-in. OCS 3.0 also features new hardware options that include Cisco, Dell, HP, Juniper, Quanta and Supermicro.

The company also recently introduced its Cloud Concierge Services for OpenStack, aimed at making OpenStack more simple to deploy and more predictable and reliable once up and running. Cloud Concierge can be used with any version of OpenStack and is intended to deploy private or hybrid cloud infrastructure based on OpenStack from the ground up. Concierge services are available in three phases: pre-production for a baseline of OpenStack operation, identification of use cases, admin training and proof-of-concept testing on choice of existing or new hardware; production for fine-tuning, developer training and a tailored application deployment guide for process; post-production for identification of AWS use case migration and support, AWS on OpenStack training for admins and developers and certification and audit services. Cloudscaling says it also leverages Concierge Services to help customers evaluate other OpenStack components, such as Trove database as a service, Ironic bare-metal provisioning, Sahara Hadoop provisioning and Triple O for installing, upgrading and operating OpenStack clouds.

## **Customers**

Cloudscaling reports about 17 paying customers and says its average deployment is three to five server racks. Key customers include Internap, Samsung and Ubisoft as well as large enterprises in financial services, transportation, telecommunications, life sciences and other verticals. Cloudscaling says its customers tend to fall in three buckets. First are OpenStack deployments oriented around agility and devops to modernize and also to get better applications to market faster, thus decreasing TCO and increasing ROI. A second common use case is repatriation from AWS clouds, where cost and cloudbursting are typically paramount. A third bucket of Cloudscaling use cases is about 'big data' and scale-out applications that represent new value creation.

Cloudscaling says most existing and pipeline customers are enterprises, although the company does also work with some large service providers. As we have witnessed in our customer research and conversations, Cloudscaling also says organizations are truly starting to use hybrid cloud infrastructure scenarios for production and mission-critical uses, whereas previously the bulk of multi-cloud was simply a desire, demand or check-box

item for these users. Consistent with other OpenStack vendors and supporters, Cloudscaling says there is a higher level of communication and collaboration among OpenStack customers and users, including large enterprises.

With its OCS software, Cloudscaling is part of an OpenStack distributors market that 451 Research estimates to be worth \$82m in 2014, \$119m in 2015 and \$170m in 2016, according to our Market Monitor service.

## **Partners**

Cloudscaling also stresses partners, indicating nearly half of its leads come from partners, which number more than 60 and continue to grow. The company's Elastic Cloud Partner Program is made up of partnering vendors in hardware, delivery, integration and onboarding, the company says. Amazon, Arista, Cisco, Google, Juniper, New Relic and Seagate are among these partners that include system integrators, value-added resellers, and independent hardware and software companies.

## **Competition**

Red Hat and its enterprise OpenStack distribution are no doubt competition for Cloudscaling, as are other Linux distributors turned OpenStack supporters, such as SUSE and Ubuntu backer Canonical. Other OpenStack pure-plays are also close competitors, including Mirantis, Piston Cloud, Metacloud and Morphlabs. Cloudscaling also competes with additional OpenStack, multi-cloud and hybrid cloud providers that include CSC, Dell Cloud Manager, HP, IBM with SoftLayer, Rackspace, RightScale and Scalr. Cloudscaling must also compete against other open source cloud vendors and communities, such as Eucalyptus, which aligns with Amazon APIs and services, CloudStack and OpenNebula. Other cloud competitors for Cloudscaling include Microsoft with Azure and VMware, which is a gold member of the OpenStack Foundation. Although Cloudscaling integrates and supports clouds such as AWS and Google Compute Engine, these clouds also represent some degree of competition, as does unpaid use of the open source OpenStack software.

## **SWOT Analysis**

### **Strengths**

Cloudscaling is among the most experienced providers of enterprise support for OpenStack and continues to be a key participant in the OpenStack community and foundation.

### **Opportunities**

Its focus on integration with other popular clouds, such as AWS and Google Compute Engine, and on hybrid clouds that include OpenStack may give it a leg up as more large enterprises continue to mature their OpenStack and general cloud use.

### **Weaknesses**

Cloudscaling is now one of the smaller vendors primarily targeting enterprises with OpenStack deployment and management support.

### **Threats**

Enterprise customers may favor larger vendors that are already trusted providers as OpenStack becomes more productized and more user- and deployment-friendly.

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