

## REPORT REPRINT

# Zadara beefs up storage-as-a-service platform with object storage and Fibre Channel

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The cloud storage specialist is looking to disrupt the market with opex pricing models for on-premises and cloud deployments. It hopes the addition of object storage will accelerate the adoption of its storage-as-a-service business model.

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Zadara Storage started out as an accelerated cloud storage service hosted in datacenters with AWS Direct Connect, but it has gradually built out its on-premises storage business. With the latest release, Zadara has added a new S3- and Swift-compatible storage service known as the Intelligent Object Store, which runs on top of its existing Virtual Private Storage Array (VPSA) platform. The vendor's update in May added key features such as 16Gbps Fibre Channel (FC) connectivity and container storage enhancements, and the debut of Zadara Cube gives it a VPSA offering that can be launched from the AWS marketplace with one click.

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## THE 451 TAKE

Zadara started out as a pioneer in third-party high-performance cloud storage services and has gradually extended its core technology into the on-premises space. With an increasing number of organizations looking to deploy storage platforms with cloud-like agility and opex, Zadara appears to be positioned at the right place at the right time. As the revenue opportunity for cloud storage architectures continues to rise, competition will intensify, and Zadara is now fighting off vendors such as NetApp, which has a hybrid cloud deployment. Current market forces should help Zadara maintain its growth and could make the vendor a potential acquisition target for a vendor or service provider looking to add a flexible cloud storage platform that leverages commodity hardware. VPSA's ability to dedicate processor, hard drive, flash and RAM resources to a virtual array is quite innovative and aligns well with the composable infrastructure plans that we have seen from major server vendors.

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## CONTEXT

Founded in March 2011, Irvine, California-based Zadara Storage started out selling an upgraded cloud block storage service and over the last few years has moved into on-premises deployments. Zadara has taken in \$27.5m in funding from Genesis Partners, Platinum Management and Toshiba America Electronic Components in two funding rounds. Although it will eventually raise a series C round, it does not have a time frame for when it will seek out additional funding. The vendor still has a relatively modest headcount at about 50, and its customer count is 110. Zadara claims its revenue has grown 50% quarter-over-quarter for eight consecutive quarters.

## STRATEGY

The vendor has an opex sales model whereby customers start out with a minimal storage capacity commitment and are charged based on their consumption. Zadara's on-premises business has grown to become 35% of its total revenue, and the vendor claims to be getting increased international traction with 28% of its revenue coming from outside the US in its most recent months. The vendor's cloud storage service is available in 30 global service locations across four continents, and it has partnerships with Amazon Web Services, Microsoft Azure and its investor Toshiba. Zadara's on-premises VPSA is designed to disrupt the sales of traditional storage arrays, which are typically purchased in three-to-five-year cycles. With enterprise and service provider customers, Zadara is looking to replace NAS and SAN systems for established players such as EMC, NetApp, HPE, Dell and IBM.

## PRODUCTS

We have discussed Zadara's core VPSA product in detail in our previous reports; this update covers the latest enhancements from the first half of 2016. VPSA is a software-defined storage platform that provides elastic SAN block and NAS file storage as a service. Zadara provides VPSA as a fully managed service that is 100% opex, even with on-premises deployments. A key aspect of the architecture is that VPSA instances are given isolated hardware resources to ensure performance consistency in a shared environment.

Zadara's new ZIOS Intelligent Object Store service is compatible with S3 and Swift object storage APIs, and Zadara provides a different level of administrative access and chargeback billing capabilities for enterprises that want to run it as an on-premises cloud storage service.

Another major platform enhancement is the addition of 16Gbps FC host connectivity. While FC SANs are not prevalent in hyperscale cloud storage environments, it is still a widely used technology for enterprises, and many storage professionals insist on having it. As Zadara makes its way into larger enterprise environments, the low latency and familiarity of FC will help reduce concerns from change-averse storage professionals who may not be ready for IP-based storage connectivity.

In June, the vendor announced the availability of the Zadara Cube One-Click enterprise storage array, which is available on the AWS Marketplace (in US West, US East, Dublin, Frankfurt, Seoul, Tokyo and Sydney) and is based on its VPSA storage stack. The Zadara Cube is available in five varieties from 1.6-30TB with the choice of NAS and all-flash block array options. The charges for this service will be consolidated on a client's AWS bill along with AWS services. Prices start at \$0.89 per hour for a 6TB NAS Cube to \$3.99 per hour for the 30TB NAS Cube, with 20% discounts available to customers with a one-year commitment. On the block side, prices start at \$1.49 per hour for a 1.6TB SSD Storage Cube to \$2.99 for a 3.2TB Cube. Zadara's VPSA can cluster multiple cubes to create larger volumes.

Since the AWS Marketplace does not allow storage instances to be resized, to get around this limitation, Zadara uses its replication capabilities to transfer storage to a larger VPSA if the original virtual array runs out of space. Right now, this is a manual process, but Zadara plans to automate this to make the process more seamless.

## COMPETITION

Although nearly all of the major storage players have a strategy for software-defined storage, Zadara claims that it will be very hard for existing vendors to move past their lucrative appliance sales to an opex-only sales model with software-defined storage. The addition of FC support fills a gap that would have eliminated Zadara VPSA from consideration in some enterprise environments.

Beyond the established array vendors, there is a strong crop of software-defined storage startups in the place, including Formation Data Systems, FalconStor, Hedvig, Nexenta and Datera, which are also attacking incumbents with aggressive pricing and the flexibility of software and commodity hardware.

In the cloud storage space, Zadara will run up against a wide range of competitors. Like Zadara, NetApp's Private Storage also uses storage resources housed in a Direct Connect datacenter such as Equinix to serve as a third-party alternative to AWS's existing cloud storage services such as the S3 object storage service and Elastic Block Storage. Earlier this year, Pure Storage announced a new all-flash cloud offering with Microsoft Azure that leverages Pure Storage FlashArrays in an Equinix Cloud Exchange to provide Microsoft Azure with high-performance storage over a Microsoft Azure ExpressRoute link.

Zadara Cube is not the first AWS resident array and NAS implementation we have seen in the space; NetApp ONTAP Cloud and SoftNAS were in the market earlier with virtual storage arrays running in the AWS cloud. Zadara claims its differentiation comes from the ability of VPSA to dedicate resources to a client's virtual array instance to provide performance consistency and granularity.

Zadara filled another gap with the introduction of the ZIOS Intelligent Object Store, and with that addition, it will join a crowded object storage market where EMC, NetApp, IBM/Cleversafe, Caringo, Cloudian, DataDirect Networks WOS, HDS, Nexenta, Scality, SwiftStack, Quantum, HGST/Amplidata and other competitors are looking to provide an alternative to NAS for unstructured data storage.

## SWOT ANALYSIS

### STRENGTHS

Zadara has fleshed out a platform that covers block, file and now object storage capabilities, and a disruptive opex sales model that could appeal to enterprises and service providers looking for an alternative to traditional storage.

### WEAKNESSES

The vendor is still quite small compared with existing storage players and has a relatively modest customer base.

### OPPORTUNITIES

The appetite for cloud storage architectures will only grow as customers seek improved storage agility and efficiency to match their modest budgets.

### THREATS

Many storage vendors are trying to build or acquire cloud storage platforms to remain competitive, and these challengers will look more like Zadara's VPSSA and will target a similar target base.