

Zadara boosts cloud storage service with NVMe performance

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Introduction

Zadara has been providing cloud storage for nearly a decade, and the vendor has expanded its product line to keep up with the changing needs of its customers. The company's new NVMe as a service provides high-performance cloud storage in an opex model, which is becoming more attractive to enterprise customers. Zadara introduced enhancements for its object storage service as well, and has been seeing increased interest in all-flash object storage.

The 451 Take

Given Zadara's experience selling storage as a service (STaaS) for the better part of a decade, the vendor is well positioned for the market transition that is taking place today, with cloud becoming more important and organizations gradually looking to move toward opex spending. The new addition of NVMe storage improves the performance capabilities of Zadara's service, while its new erasure coding gives customers a more cost-efficient way to protect their object storage. The company has grown at a steady pace, but will be facing increased competition in the STaaS space, with the larger storage players now making major strategy changes to work better with cloud environments and offer opex pricing options. Hyperscale players such as AWS, Azure and Google are also continuing to enhance their cloud storage services, and are even starting to make acquisitions to shore up their portfolios.

Context

Cloud storage specialist Zadara was founded in 2011 and has taken in \$57m in total funding, according to the 451 Research M&A KnowledgeBase, with its last round coming in Q3 2018 to the tune of \$25m – led by IGP Capital with participation from existing investors (with the exception of Toshiba America). The company currently has a headcount of 120 and has added a handful of new executives to the team, including CFO Nir Ben Zvi, who previously served as CFO for Playbuzz (a Disney-backed digital content platform), and CRO Scott Hebert, who was CRO at Accurate and VP of vertical channels for Box.com.

The vendor has gradually built out its on-premises STaaS business over the last few years; it now accounts for about half of its total revenue, although it is only about 35% of its customer base. Zadara claims to have a few hundred customers and to be growing its revenue at a 50% annual growth rate. The majority of its cloud storage services business is on primary storage sales, with only about 13% of its business supporting backup and data protection workloads – where it is working with partners such as Asigra, Commvault, Veeam and Zerto. Most of its customers choose to sign contracts with two-year commitments, and the vendor has prospects with seven-figure deals in its sales pipeline, and has converted some of them into customers. The vast majority of its sales are fulfilled through the channel, and the vendor is looking to do 100% of its sales through the channel in the future.

NVMe as a service and object storage enhancements

Zadara's new platform features NVMe flash media and other enhancements, to take advantage of the performance boost. On the back end, Zadara had been using 40Gbps Ethernet prior to the launch – that has now been updated to 100Gbps Ethernet. To ensure low latency, the vendor uses iSER (iSCSI extensions for RDMA) to ensure low latency. The company will continue to sell hard drive and flash SSD-based storage at lower price points for customers with less demanding workloads.

Zadara believes its new NVMe-based STaaS will accelerate adoption for high-performance cloud storage. It is available as a flexible consumption opex item, in contrast to the large capex expenditure that is more common for enterprise customers.

The vendor's systems include 24/7/365 live support, with Zadara providing proactive system management and periodic nondisruptive hardware upgrades. The proactive management has been an important part of Zadara's value proposition since launch, since it allows the company to keep track of storage usage, to make sure customers are warned ahead of time if they are in danger of running out of capacity. Zadara's SLA covers all outages, no matter how short they may be. The contract is set for five nines of availability (99.999% uptime), and the vendor claims it typically exceeds this uptime standard.

On the object storage side, Zadara added a new 9+3 erasure coding that offers protection for three-zone failures while providing 75% storage utilization, compared with two-way replication (50% storage utilization) and three-way replication (33% utilization). Zadara has additional erasure coding options, including a 4+2 mode that protects against two-zone failures, a 6+3 mode (three-zone failure protection) and an 8+4 mode (four-zone failure protection). Another new feature is Active-Active Geo-Replication, which, similar to the already available Multi-Zone High Availability, provides geographically distributed replication, allowing on-premises and cloud customers to distribute their data to ensure high availability. Load balancing was also added, to allow GET and PUT requests to be handled by whatever node is not busy.

All-flash storage is no longer confined to high-performance block storage. In our Voice of the Enterprise: [Storage Workloads 2019 study](#), 31% of respondents claimed that they had all-flash NAS and/or object storage deployed on their sites, with the figure jumping up to 53% for large companies with over 10,000 employees.

Competition

Zadara's primary competition comes from existing storage players such as Dell EMC, Hitachi Vantara, HPE, IBM, NetApp and Pure Storage. All of these players are making major product and sales strategy changes, and this disruption could open up opportunities for vendors such as Zadara and other storage startups. In the unstructured data space, Zadara occasionally competes against SwiftStack and Scalify for object storage customers, and there are a number of other players in the space, such as Cloudian, DataDirect Networks (which [acquired Nexenta](#) earlier this year), MinIO, Red

Hat Storage and SUSE. Qumulo occasionally competes against Zadara, and is strong in vertical markets like media and entertainment. In August Zadara announced that it had become a Veeam Technology Alliance Partner, which allows Veeam customers to use its products and services to create a scale-out backup repository, leveraging multiple tiers of storage to optimize to meet performance and capacity requirements. We would also note that backup players such as Commvault with its recent acquisition of Hedvig have been adding software-defined storage capabilities to their lineups, and could wind up becoming competitors for Zadara in the future, although backup storage is a relatively small portion of Zadara's business today.

Hyperscale players AWS, Azure and Google continue to enhance their existing file, block and object storage services. AWS (E8 Systems) and Google (Elastifile) have both made storage acquisitions in the past year.

SWOT Analysis

Strengths	Weaknesses
Zadara was an early cloud storage player and can provide a wide range of storage services covering block, object and file storage. It is now growing revenue at a 50% rate.	It is still a relatively small company with a customer count in the hundreds.
Opportunities	Threats
The vendor's on-premises STaaS is growing in terms of revenue, opening up large deal sizes relative to its cloud service. All-flash NAS and object storage adoption are on the rise, and Zadara is getting traction in this segment.	Every storage vendor is sharpening their cloud storage services and hybrid cloud capabilities, which will force small players to continuously innovate to stay ahead of the pack.

Source: 451 Research, LLC