

Cloudy with a chance of windfall: how cloud management is becoming a multibillion-dollar business

An increasingly multi-cloud world demands seamless linking up of layers of private and public clouds.

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PEOPLE LOOK AT A DISPLAY AT AN EXHIBITION BOOTH DURING THE MOBILE WORLD CONFERENCE AMERICAS IN SAN FRANCISCO IN SEPTEMBER 2017; GAYCE CLIFFORD/BLOOMBERG/GETTY IMAGES

There is a new question vexing every chief information officer in the era of digital transformation.

Which byte to which cloud?

The earlier version of this question was relatively simpler: Which cloud to bite into? That was when the decision was limited to choosing between a private or public cloud and a cloud-infrastructure provider.

But moving to the cloud is no longer dictated by binary choices. As the cloud industry matures, it is bringing more products and more options to choose from, at a wider variety of price points. At the heart of this increased complexity is the rise of the multi-cloud.

Software company RightScale's January 2018 State of the Cloud Survey revealed that more than four in five enterprises surveyed were looking at employing a multi-cloud strategy. *CIO* magazine has put the adoption of multi-cloud at the top of its cloud-trends list for 2018, pointing out that chief information officers are hedging their bets and "dropping applications into two and sometimes three public clouds".

That has led to an unwieldy problem: How does a company manage assets that lie scattered across its multi-cloud infrastructure — navigating multiple public or private clouds, or both?

A multibillion-dollar opportunity

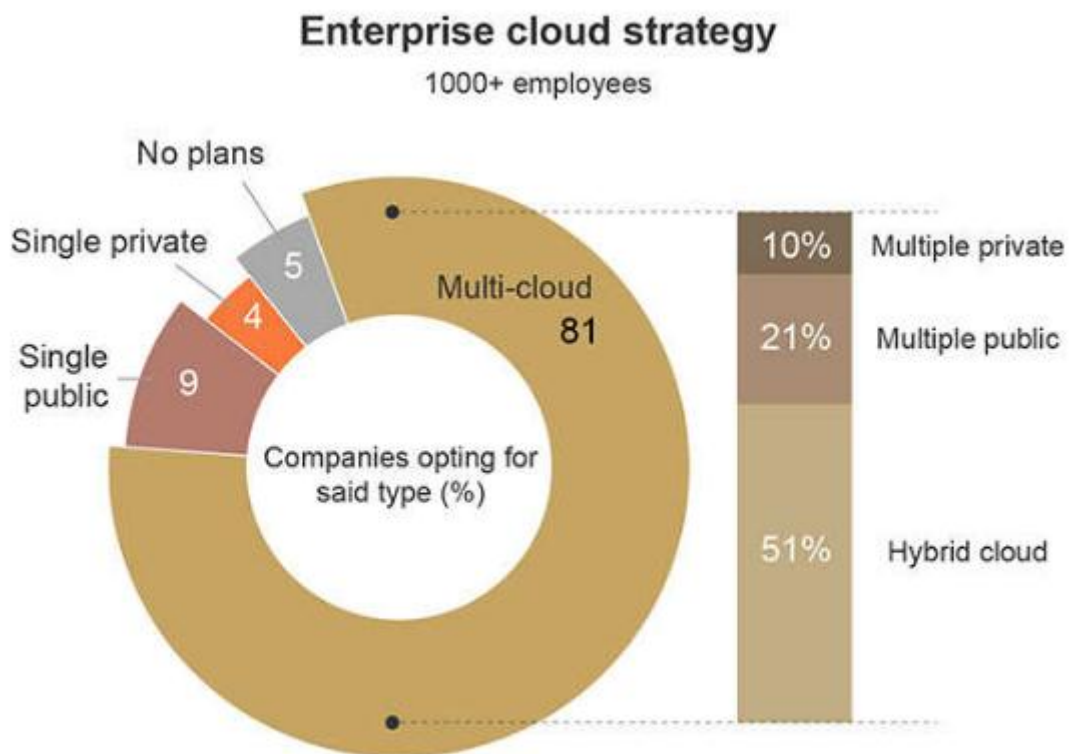
The upshot of this new normal: growing demand for an integration layer that lets companies monitor and manage their resources on private as well as public cloud. These cloud-management platforms are central to the evolution of cloud strategies and offer an altogether new multibillion-dollar business opportunity.

Cloud-management platforms are built around dashboards with real-time visibility on where each digital asset of a company resides. They come loaded with controls that can be optimised for each application, and tools which can help companies save money by offering the cheapest cloud-infrastructure option for a particular configuration. They are getting increasingly sophisticated, and as with anything for which there's a spike in demand, increasingly competitive as well.

Globally, it is a pretty crowded space, with VMware, Cisco, RackWare, Red Hat, RightScale, Scalr, Turbonomic, and many others, which as research and consultancy firm Forrester puts it, are "vendors that vary by size, functionality, geography, and vertical market focus".

The case for cloud management

There are many promises that these platforms make, but at the core of cloud management is the promise of consistency. No single cloud-infrastructure provider — private or public — ticks all the right boxes for all problems at all times. Going multi-cloud also comes with the additional benefit of not putting all eggs in one basket.



Source: Rightscale 2018 State of the Cloud report

As BS Nagarajan, chief technologist and senior director, systems engineering, at VMWare India, says, “Every cloud is different. The way AWS runs is entirely different from how Azure runs or how Google runs or how an on-premise cloud runs. When you run some of your applications on, say, AWS and some on a private cloud, how can you ensure consistency in terms of governance, security, or performance across these platforms?”

It also helps that cloud-management platforms allow companies to streamline their IT workforce managing the cloud. That’s because the skill sets required to work on the toolsets provided by the vendors — be it any of AWS, Azure, IBM, or Google — are all different, forcing companies to install different teams for each. It is not exactly a scalable model.

Research and advisory firm Gartner points out that as cloud strategies mature, we may see the advent of what it calls infrastructure brokerage teams that provide “expertise in public, private, and traditional infrastructure models, and how best to use them — effectively becoming a gateway for business units to obtain and implement external cloud services when it is appropriate and ensuring agreed decision frameworks are adhered to”.

Additionally, this layer helps reduce spending on cloud infrastructure by allowing companies to zero in on the best option both in terms of costs and performance.

But the strongest case for adoption of cloud-management platforms by companies going multi-cloud, according to Nagarajan, is that it enables app compatibility across clouds. The biggest road block for the adoption of public cloud has been app compatibility, which means if there is an app that runs today on a private cloud, for the same app to run in AWS or Azure, it needs to be repackaged.

Cloud-management platforms like vRealize from VMWare, Nagarajan says, provide a solution for this by offering a virtualisation layer between the app and the infrastructure.

“Instead of getting stuck to one cloud, we want to tell customers to go ahead and adopt whichever cloud they want to. We will provide them a platform to run their applications across any of these and still be able to manage all the other challenges. That is our strategy for the multi-cloud world,” he says.

Analysts expect vRealize to become the mainstay in the VMWare portfolio. In a call following the announcement of its Q4 2017 results earlier this year, the company’s chief executive, Pat Gelsinger, had said that its “ability to manage on-premise and public cloud workloads is gaining resonance with customers”.

Buoyed by demand for vRealize as well as the rest of its portfolio, VMware had reported better-than-expected quarterly profit and revenue for the fifth straight quarter as, according to Reuters, more customers licensed its software products.

The local mover

Mumbai-based NTT Netmagic Solutions is one of the companies gunning for this space. It has been deploying a multi-cloud strategy for close to 18 months, starting out with a product offering basic monitoring of cloud assets. That means a CTO could simply see where the organisation's data resides.

About nine months ago, the company realised that its customers wanted more — especially the ability to seamlessly switch between multiple cloud providers.

With the February 2018 acquisition of ActOnMagic, NTT Netmagic is now in a position to offer both provisioning of cloud services and optimisation. It gives companies the flexibility to move data across multiple clouds, migrate when needed, and monitor price per virtual machine. This way, the total cost is always in control and there is no lock-in fear.

“A lot of customers (it has more than 400) are using collocation in primary setup, and using disaster recovery from Netmagic, or AWS/Azure. There was no one entity managing the whole thing,” says Sharad Sanghi, managing director and CEO, NTT Netmagic Solutions. Customers have welcomed the company's move to offer cloud-management solutions, Sanghi adds.

The multi-cloud approach has made a remarkable difference to NTT Netmagic's financials. According to filings with the Ministry of Corporate Affairs, revenues increased to INR648.21 crore in FY17 from INR47.04 crore in FY15 and EBITDA was INR174.07 crore in FY17, a sharp rise from INR3.2 crore in FY15. It is on course to breach INR1,000 crore in revenue by the end of this financial year, according to sources in the industry.

A big test for Netmagic will be the interest shown by banks and financial institutions, who are often the most sensitive and demanding customers.

While these institutions will not move their core banking outside their own private cloud, they are under pressure from fintech firms that are setting up what can be called branchless credit operations. To compete with them, even traditional banks will have to add a totally mobile banking experience, especially for the new generation of customers who are comfortable transacting through apps.

This can be achieved only through a high-performing layer of public cloud infrastructure.

“Banks have hundreds of applications, and while one set of applications might be on Azure or AWS or SimpliCloud, the head of IT really needs to know how these are distributed and the associated costs. Our solution makes this possible,” says Sanghi.

Next step: integration with NTT’s global cloud-management platform so that it can be made available for customers around the world.



Miles to go for multi-cloud in India

It is still early days for multi-cloud, particularly in India, where the promise of the cloud itself is in its infancy. Gartner estimates that the Indian public-cloud market will hit USD2.5 billion this year, up from USD1.8 billion last year. As Santanu Patro, research director in Gartner’s data-centre infrastructure and management group, says, “Public-cloud adoption is around south of 30%. People still are thinking about getting into their first cloud rather than thinking multi-cloud.”

Most Indian companies prefer the comfort of having critical data on their own servers in dedicated data centres, the core if you will, and use the public cloud for running their consumer-facing apps or even storing some disaster-recovery data on Amazon's AWS or Microsoft's Azure.

As Nagarajan points out, unlike what most cloud-infrastructure providers portray today, cloud is not one destination. "We believe that cloud is a journey. We want to provide customers the flexibility to adopt whichever cloud they want," he says.

That is a compelling argument for companies offering cloud-management platforms, perhaps one that will determine the growth and adoption of cloud itself in India.