

IDC MarketScape

IDC MarketScape: U.S. Public Cloud Cold Storage Services 2020 Vendor Assessment

Andrew Smith

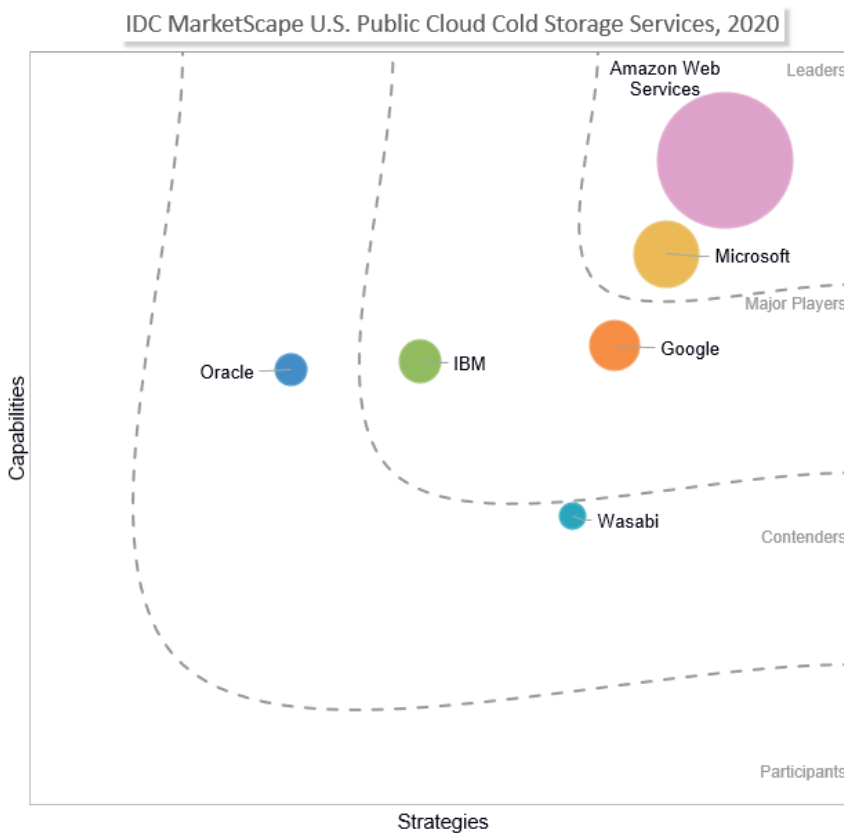
Deepak Mohan

THIS IDC MARKETSCAPE EXCERPT FEATURES WASABI

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape U.S. Public Cloud Cold Storage Services Vendor Assessment



Source: IDC, 2020

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: U.S. Public Cloud Cold Storage Services 2020 Vendor Assessment (Doc # US46855520). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

IDC's survey data consistently shows that enterprise storage growth will expand by upward of 30% annually. This relentless pace of data growth within enterprises, coupled with ongoing macroeconomic headwinds related to COVID-19, drives demand for low-cost enterprise storage solutions. Increasingly, these solutions can be found in the form of public cloud storage services designed with cost as a main factor. These platforms are typically marketed and used for "cold storage" – data that is accessed infrequently and typically associated with secondary storage use cases such as data protection, backup, or archive (as opposed to "primary" use cases such as ERP or CRM).

Cold storage use cases are increasingly valuable because, as companies collect more data, they simply are not able to extract all the business value from it. Enterprises understand that some of their data's value is immediately recognizable, but they also understand that data has the potential to be valuable for future business endeavors or workflows. Instead of discarding this data, cold storage solutions make it increasingly cost effective to save data over the long term and capitalize on undiscovered value in the future. In addition to undiscovered data potential, there are more practical requirements driving long-term data storage, which are typically related to industry compliance and security regulations such as GDPR, HIPAA, or CCPA.

It is also important to note that the rise of cold storage services directly correlates to the rise of public cloud IaaS in general. The rapid pace of public cloud storage adoption drives expansion of use cases and the need for more specialized tiers of services like cold storage. Public cloud services providers are uniquely positioned to serve these cold storage use cases. These providers have built a significant infrastructure footprint and developed the economies of scale necessary to deliver storage at extremely low rates (typically price per gigabyte). Furthermore, almost all major public cloud storage providers now offer a "cold storage" service that is separately priced from the rest of their storage portfolio and designed specifically for long-term data retention use cases. The growing prevalence of these services warrants a distinct IDC MarketScape evaluation, which is designed from the perspective of enterprise IT customers, evaluating public cloud cold storage providers using the IDC MarketScape methodology.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This IDC MarketScape focuses on public cloud cold storage providers with services availability in the United States, which have also reached a critical revenue threshold and meet a baseline cost profile (dollar per gigabyte) for what we consider "cold storage." Detailed inclusion criteria for service providers included in this IDC MarketScape are as follows:

- Service must meet IDC's definition of public cloud IaaS; service must be built primarily on public cloud IaaS storage capacity.
- Service must be available in the United States.
- There cannot be any requirement for associated hardware/appliance gateways.

- The price of the service must be equal to or less than \$0.015 per gigabyte per month.
- The company's IaaS storage revenue must be greater than \$10 million/year (U.S. services revenue only)
- Public cloud-based file sync and share services are excluded.

ADVICE FOR TECHNOLOGY BUYERS

As the perceived value of enterprise data increases, more data will be kept for longer periods of time, increasing the burden on IT infrastructures and budgets. However, public cloud cold storage and archive services continue to become more sophisticated in their ability to tier and manage long-term data storage, offering a valuable alternative to primary storage and a way for enterprises to save both time and storage costs. Growth of the cold storage market and the continued delivery of cold storage services by cloud services providers suggest that customers are willing to sacrifice storage response times to a range of seconds, minutes, or even hours to dramatically alter the TCO equation for cloud storage. IDC believes the public cloud cold storage market is still relatively nascent and has a significant opportunity for expansion over the next three to five years as services and use cases continue to mature. For these reasons, we are publishing this IDC MarketScape and providing a more formal definition of the market to lay the foundation for future market sizing and forecast efforts.

We urge technology suppliers and purchasers alike to remember that cold storage services are engineered to serve a very specific purpose: storage cost reduction. Not all cold storage services will be able to serve every purpose, nor should they. Public cloud services providers are not designing these platforms for marginal cost savings; these are designed to offer customers many multiples of savings on a price-per-gigabyte basis at high volume. And to continue maximizing these cost savings, services providers will have to make design decisions that may not be acceptable to some enterprises. With this in mind, we recommend that IT organizations define SLAs around data access, retrieval, and durability that meet their business needs and cost level specific to cold storage. In addition, these requirements should be separate from other tiers of "warm" or "hot" storage.

In any engagement with public cloud cold storage providers, we recommend that buyers consider the following characteristics and questions regarding their storage:

- **Access:** How frequently is this data set accessed, and what is the estimated life span of the data set?
- **Latency:** How quickly do I need to access this data set when I need it?
- **Throughput:** Is this data set part of a bandwidth-intensive application or an IOPS-intensive application – or both?
- **Data characteristics:** What real-world information (pictures, movies, text messages, emails, etc.) is being stored in this data set?
- **Durability and availability:** What are the data durability and availability requirements for this data set?
- **Value:** What is the real or perceived business value of this byte in the context of the total cost of storing this data set?

It is also important to call out how customers are increasingly driving value from public cloud storage services by leveraging the broader ecosystem of services and tools available (e.g., data analytics, visualization, tiering, or migration services). This includes services from both cloud providers and third-party partners. Actively exploring solutions from within the cloud ecosystem can accelerate the time to

value for cloud adoption initiatives and allow customers to position their cloud storage platform as more than just a low-cost data store.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Wasabi

Wasabi is positioned in the Contenders category in the 2020 IDC MarketScape for public cloud cold storage services.

Wasabi's cold storage services within the scope of evaluation include Wasabi Cloud Object Storage.

Wasabi is unique in the broader public cloud IaaS market because it offers a storage service that meets the definitions for both "hot" and "cold" in terms of access and cost requirements, all under a single price point – no other provider in this IDC MarketScape does this. By design, Wasabi is extremely flexible for a range of storage workloads beyond what we consider "cold storage." However, because Wasabi also offers a price point (dollar per gigabyte per month) that is low enough to qualify for this IDC MarketScape, combined with the fact that Wasabi has existing customers using the platform for a variety of cold storage use cases (e.g., archive, backup, and long-term retention), we have included the company as a key provider in this evaluation.

Wasabi has been in the market since 2017 and, in that time, has demonstrated significant growth in both its direct customer base and channel partners. The vendor's focus on price simplicity and S3 API compatibility has become a recipe for success in the IaaS market, particularly with storage software and services providers that can quickly and cost effectively integrate Wasabi as their cloud-based object storage back end.

After a successful 2019, Wasabi has focused on expanding its offerings in several key areas:

- **Infrastructure:** The vendor plans to open new colocation datacenters around the world to expand its infrastructure footprint, with a strategic focus on adding a higher number of "edge" vault locations to accommodate the growing customer demand for local compute resources.
- **Customer reach:** Wasabi has traditionally focused on the SMB market, but over the past 12 months, it has begun to ramp-up service delivery to large enterprise customers to accommodate demand. This initiative is supported by the expansion of the vendor's worldwide infrastructure footprint (the vendor opened the first European and APAC datacenter locations in 2019). The vendor is also strategically expanding its footprint in key verticals including media and entertainment, healthcare, higher education, surveillance, and scientific research (e.g., genomics).
- **Embedded technology:** Wasabi continues to build out its embedded technology capabilities. Specifically, the vendor is focused on expanding its replication capabilities, adding replication across facilities in the same region and replication across regions.
- **Partnerships:** Partners are extremely valuable in the cold storage market, and Wasabi has proven adept at working with partners to expand its reach. Wasabi's partner program (managed SPs and VARs) boasts over 3,300 members and over 250 technology alliance partners. The vendor continues to focus on the partner programs as a key route to the market.

Wasabi's core strengths and differentiators in the cold storage market lie in the platform's simplicity and speed. The vendor offers a single storage tier with a single price. This means that customers do not have to manage ingress/egress fees or additional costs for data access. This is an extremely attractive value proposition, specifically in the cold storage market where the cost of storage remains a major sticking point for customers. Wasabi builds onto this value proposition with features normally associated with "hot" storage, like millisecond access time for objects and enterprise-class data availability and durability. In many ways, this unorthodox approach to storage makes delineation of "hot" and "cold" storage use cases and requirements unnecessary, and this approach is what makes Wasabi such a unique and versatile provider in the cold storage market.

Strengths

- Simplicity of cold storage pricing, tiering (there is only one tier), and access
- Relatively new to market but has consistently demonstrated a strong mix of direct and partner-led growth
- A platform designed from the ground up with integration for all S3 API protocols
- A leadership team with heritage and engineering focus on archive, backup, and recovery use cases that position the vendor well in the cold storage market
- Proven success establishing partnerships with backup and recovery software providers

Challenges

- The tier-free approach can also be viewed as a challenge. Some customers may prefer the ability to leverage multiple tiers based on cost to achieve the lowest price point possible in extreme archiving use cases.
- Wasabi's focus has always been on storage, so customers looking for related IaaS (e.g., compute), SaaS, or PaaS solutions need to bring in a partner or third-party provider for integration.
- Wasabi has relatively small number of datacenter locations outside North America.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here, and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability

Market Definition

Cold Storage

Cold storage solutions exist both on premises and in the cloud. They are made up of a wide range of infrastructure solutions, from JBOD capacity managed by the enterprise as its own custom cold storage tier to fully managed services offered by a third-party provider. Cold storage solutions can be deployed as software only or have associated hardware assets in the form of an appliance or a storage system.

The public cloud cold storage services included in this IDC MarketScape align with IDC's definition of a public cloud service deployment and with the previously mentioned criteria defining a cold storage service. Public cloud cold storage services are typically sold based on capacity (i.e., price per gigabyte). In addition to this capacity-based subscription, many public cloud cold storage services offer a range of adjacent services along with the core cold storage vaulting and secondary storage services.

Public Cloud Service

At the broadest level, the two types of deployment models for cloud services are public and private:

- Public cloud services are shared among unrelated enterprises and/or consumers, open to a largely unrestricted universe of potential users, and designed for a market, not a single enterprise.
- Private cloud services are shared within a single enterprise or an extended enterprise, with restrictions on access and level of resource dedication, and defined/controlled by the enterprise beyond the control available in public cloud offerings.

Refer to *IDC's Worldwide IT Cloud Services Taxonomy, 2019* (IDC #US45714519, December 2019) for comprehensive definitions of all IT cloud services market segments, including infrastructure as a service (IaaS).

Cold Storage Service

Cold storage services enable the long-term storage of inactive data, either in a standalone fashion (basic services offering storage capacity) or as a component of a services platform. In general, cold storage services are designed with the following goals in mind:

- Reduced service-level agreements (SLAs) and operational overhead
- Storage access and duration limits
- Longer data access and retrieval times
- Data archiving and vaulting

For full details of the cold storage services taxonomy, see *IDC's Worldwide Public Cloud Cold Storage Taxonomy, 2020* (IDC #US46218917, April 2020).

Attributes That Define an IT Cloud Service

IDC defines cloud services through a checklist of key attributes that an offering must manifest to end users of the service. To qualify as a "cloud service," as defined by IDC, an offering must support *all* these six attributes. These attributes apply to all cloud services – in all public and private cloud service deployment models – although the specifics of how each attribute applies may vary slightly among these deployment models.

Under the umbrella of IT cloud services, IDC recognizes four primary market segments: infrastructure as a service, platform as a service, software as a service – applications, and software as a service – system infrastructure software.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide Public Cloud Infrastructure as a Service 2020 Vendor Assessment* (IDC #US46795720, September 2020)
- *Worldwide Public Cloud Infrastructure as a Service Forecast, 2020-2024* (IDC #US45322520, July 2020)
- *Worldwide Public Cloud Infrastructure as a Service Market Shares, 2019: Leaders Consolidate Their Positions, Seek to Differentiate with Investment in Emerging Use Cases* (IDC #US46735820, July 2020)
- *Impact of COVID-19 on Worldwide Infrastructure as a Service (IaaS) Spending, April 29, 2020* (IDC #US46277920, May 2020)

Synopsis

This IDC study provides a vendor assessment of major public cloud cold storage service providers through the IDC MarketScape model.

"Enterprises continue to generate and store information at accelerated rates," said Andrew Smith, research manager, Cloud Infrastructure Services at IDC. "As a result, the demand for cost-effective storage solutions also grows. Public cloud cold storage services are a key part of this equation and have expanded significantly in scope and capability over the past several years. Today, leading cold storage services providers help organizations achieve some of the lowest cost profiles possible for their secondary storage data while also making cloud migration a reality by delivering unique services for data accessibility, security, compliance, and protection."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

5 Speen Street
Framingham, MA 01701
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com

Copyright and Trademark Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights. IDC and IDC MarketScape are trademarks of International Data Group, Inc.

Copyright 2020 IDC. Reproduction is forbidden unless authorized. All rights reserved.

