AWS ALTERNATIVES WITH WASABI TECHNOLOGIES

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THE BOTTOM LINE

With the cloud services industry as a whole growing at an average of 26 percent per year, it’s no surprise that smaller companies want in with the big cloud storage providers such as AWS, Azure, and Google Cloud. Cloud computing, and more specifically, cloud storage offerings, has rapidly matured in both technological capability and user understanding. 2020 further demonstrated the need for cloud services and only accelerated this inevitable change. Cloud service providers offer a variety of compute and storage options to fit intended use cases and customer budgets. Progressive vendors such as Wasabi Technologies are looking to add value to their offerings with competitive pricing, increased performance, simplified integrations, and expanded hybrid and multi-cloud capabilities.
THE SITUATION

Before cloud computing technology was widespread, internal IT and development teams were primarily responsible for building, maintaining, and securing applications and the underlying infrastructure they ran on. On-premises infrastructure cannot scale on demand leading to latency issues, downtime, and lost business. While in-house IT and on-premise solutions gave companies complete control of their systems, it often created a bottleneck that limited agility for future innovation and produced tech debt from legacy technology investments. Additionally, development teams tend to operate reactively, constantly looking to clear old tickets and fix reported bugs. For example, taking down an application to patch it could result in the application being unavailable. By doing so, a failure within the patch could lead to more downtime, or developers could risk being able to bring an application back online. For a load test, developers would need to create and configure a mirrored solution in a second environment with time, cost, and standardization issues. Amidst the COVID-19 pandemic, these seemingly minor issues within an IT infrastructure compounded as organizations scrambled to make the transition to cloud services to support new workplace environments.

2020 continues to show a significant change in workplace culture centered around working from home on software-based solutions. As these business processes begin to move towards software-based solutions, many companies will soon adopt extensive cloud infrastructures. As application ecosystems become increasingly complex, the underlying infrastructure used to support the technology, share and store data between them, and ensure reliable performance has become a critical differentiator. Further, as workers were sent out of offices and into their homes, the strain on corporate technologies only increased as all business operations moved online, and companies sought to limit disruption. With Amazon as one of the most prominent players, customers are afraid of getting locked into Amazon prices if AWS were to continue steady growth. When a company like AWS controls over 30 percent of the market share, that behemoth status allows it to de-emphasize aspects like competitive pricing and dollar-per-dollar performance.

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THE COMPANY

To combat the growth of the leading cloud service providers, startups are aiming to attack pricing and performance models to show customers how much power they can get for their buck. For example, Wasabi Technologies, a Boston-based cloud storage provider, offers its solution priced at 80 percent less than AWS S3 with no egress charges or API request charges. Wasabi Technologies was founded in 2017 and, as of 2019, was showing continuous growth of 20 percent per month. Wasabi’s system architecture enables a faster performance relative to Amazon S3 and with Wasabi development teams focused on storage innovations, the performance advantage also translates to significantly faster time-to-first-byte speeds.

As mentioned earlier, some companies shy away from big cloud providers such as AWS and Azure as they feel locked into the services. Some features and functionalities may be within another service that is unneeded by the organization and subsequently increase the overall cost of using that cloud provider. For example, if a customer deploys AWS, that customer must also use its storage and content delivery network. As a storage-as-a-service provider, Wasabi aims to enable customers to pick and choose the best of breed services and integrate across providers to not only save customers money but avoid additional switching costs associated with vendor lock-in.

Wasabi is currently in the early stages and continues to create successful equity investment campaigns to support the rapid growth within the company. As recently as June 2020, the company was raising around $30 million in a new funding round. This funding is targeted at aggressively expanding the company to broaden and accelerate product development and further reduce costs as the scale of the operation grows. Wasabi also benefits from a land-and-expand strategy where customers that adopt the solution immediately realize the benefits and continue to deploy Wasabi throughout the organization. Existing customers with Wasabi are storing 72 percent more data one year after adopting the cloud storage solution. Wasabi continues to demonstrate that it can handle the growth with ease as each time its data centers reach 70 percent capacity, Wasabi will build another. Additionally, Wasabi is expanding data centers on the East Coast, West Coast, and Europe with further demand for data centers in areas such as India and Japan.
LOOKING AHEAD

With AWS being the standard for cloud storage customers and its revenues continuing to increase, there has been no reason for Amazon to invest in matching the price-to-performance ratio of Wasabi solutions. There likely will not be a shift in Amazon’s strategy for in the near-term; however, once large enterprise-level organizations begin to see more cost-effective options like Wasabi as viable, it could pose an issue for the largest, most expensive providers like AWS. The COVID-19 pandemic showed massive companies like Twitter, Google, and Salesforce that working from home could prove to be a cost-effective alternative without slashing productivity. Companies like Wasabi will show enterprises that there are cost-effective alternatives to the larger cloud service providers, and these solutions can be implemented without compromising performance or overall capabilities. In the 2020 IaaS Technology Value Matrix, the key trends and areas of investments for IaaS vendors included hybrid and multi-cloud integration, cloud data acquisition, AI, data science as-a-service, and advanced networking for edge analytics. (Nucleus Research u85 – 2020 IaaS Technology Value Matrix – June 2020). Wasabi addresses the critical areas with comprehensive support for on-premises to cloud, hybrid storage, multi-cloud, edge computing, data lake, and tape to cloud. Additionally, Wasabi deploys tools for IoT data, AI/ML processes, and data analytics, which bundled together, reducing the overall price and improving the transparency for customers. We see leading solutions like AWS and Azure use tiered storage services with AWS having up to six different tiers of service to manage active data and inactive archive processes. Customers can get lost in the varying performance characteristics, price points, and SLAs with multi-tiered cloud storage services. With Wasabi, all functionalities are included in a single tier of the platform, making it ready to handle any enterprise’s data needs.

Again, there is no existential threat to AWS at this point. However, Wasabi and other similar vendors are showing a viable, enterprise-grade cloud infrastructure solution for significantly lower cost. If it can continue to sign on marquee customers and expand its offering to more closely match the value-add services in addition to standard storage and compute we expect it to grow into a major cloud service provider that can rival the behemoth players in years to come.
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