

**Insight**

Aptira expands service reach with OpenStack

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While the market for OpenStack-based cloud deployments has been picking up steam during the past 12 months, commercial use of OpenStack in production environments remains spotty across the Asia-Pacific region. Four-year old Aptira is one of the few providers that actually productize OpenStack-based cloud offerings. Commercially available since January 2012, the Australian managed hosting and cloud provider has expanded its service reach with OpenStack-based private cloud deployments in Asia and beyond.

Technology and product

Taking a managed service approach, Aptira first entered the cloud market with a cloud infrastructure service based on the VMware stack. While building its knowledge base and capability to deploy and manage VMware-based clouds, the company had its eyes on the open source-based OpenStack project. Aptira's CEO Tristan Goode is a strong advocate for OpenStack as a cost-effective alternative to other commercial cloud platforms. Goode founded the Australian OpenStack User Group (AOSUG) in late 2011 to facilitate collaboration and share best practices. After spending a few years building its expertise in OpenStack deployments, Aptira finally commercially released the OpenStack-based cloud offering in early 2012.

Positioned as an enterprise-class, open standards-based private cloud product, it allows customers to choose between the fully outsourced model (the OpenStack-based private cloud is hosted and managed by Aptira) and managed service option (the customer deploys OpenStack-based private cloud on-premises while offloading the management responsibility to Aptira). In either case, the company says OpenStack private cloud deployment does not replace the VMware-based cloud offering, but complements it for greater flexibility and manageability. It has started pushing a combined offering using both OpenStack and VMware technologies in the past six months, targeting customers looking to have the best of both worlds.

From a sales and marketing standpoint, the company is further chasing the enterprise segment, and venturing into the service provider market, with the OpenStack-based private cloud. Since OpenStack deployment is not simply plug and play, Aptira believes it is well positioned to grow beyond its home turf by playing the role of systems integrator for cloud transformation projects. The company has started working with US-based service providers for OpenStack-based private cloud deployments and seeks to make the open-source cloud platform available and accessible to a broader audience. Aptira is striving to make it more intuitive and support a wide variety of use cases.

The company has been self-funded by CEO Tristan Goode, but is looking to raise external funding. Headcount is currently 18 employees (about 9 of which are based out of the office in India for product development and engineering) and the plan is to nearly double its headcount in India by mid-July.

Partners and customers

While leveraging its in-house expertise and operational experience, Aptira also partners a good deal. Aside from teaming up with the likes of VMware, NetApp and Dell for hardware and software components, it has also joined with an unidentified hosting partner in the US for strategic growth. To varying degrees, it promotes and resells commercial OpenStack products from various players that may at times compete for the same budget dollars. Some examples include Piston Cloud Computing, which focuses on enterprise implementation of OpenStack, and Mirantis, which provides consulting and custom systems integration of OpenStack, support subscriptions, training and DIY bundles. In addition, Aptira supports a suite of OpenStack-based products provided by vendors such as Nexenta Systems, TwinStrata, SolidFire and Maldivica. The partnership makes sense as the company is looking to shore up its capability to deliver turnkey offerings.

Aptira claims to have some 240 customers for a mix of managed services, hosting, virtualized and cloud services. While the number of cloud

customers is on the rise, VMware-based cloud deployments still account for the bulk of its cloud business. Given that the VMware platform is fairly mature with a full feature set, the company says its use cases are quite different from those enabled by the OpenStack cloud. With that in mind, it does not expect to see a shift in demand, but rather a window of opportunity to upsell/cross-sell its service offerings. Aptira says it has 10 implementations of OpenStack so far, 6 of which are based on its existing offerings and the remaining 4 deployments are based on a mix of in-house expertise and third-party OpenStack products. Geographically speaking, the company seems to be gaining traction in a number of developed economies, including Australia, Singapore and the US.

Competition

Positioned as a managed hosting and cloud provider, Aptira is up against a diverse set of providers. Companies like Datacom and Melbourne IT are competing with Aptira in the consulting and managed service arena. Telecom incumbents including Telstra and Optus increasingly invest in new growth areas such as cloud computing to offset their declining voice businesses. Managed hosters such as Macquarie Telecom and Webvisions are eyeing enterprise opportunities with multiple cloud deployment models. Playing the role of systems integrator, Aptira may find itself vying against IT providers like Fujitsu, CSC, Dimension Data, IBM and Hewlett-Packard.

US-based hosting companies such as Rackspace and SoftLayer are familiar brands in the region. Both companies have expanded their service reach in this part of the world. Rackspace plans to create a global cloud provider network with OpenStack-based cloud offerings, and SoftLayer is now part of the new IBM cloud service division. Haylix, formerly known as BrightHost and a member of the ASX-listed STW Communications Group, released its OpenStack-based cloud storage offering in Q1 2012, operating the cloud infrastructure out of the facilities in Melbourne, Sydney and Hong Kong. It has also formed a strategic partnership with Akamai to ensure consistent and reliable global content delivery.

The 451 Take

Aptira seems to have done a good job in matching its capabilities with changing service requirements. We attribute this to the company's continued focus on product development and engineering. Taking a platform-agnostic approach, the company has gone one step further to accelerate cloud adoption. While the uptake for OpenStack-based cloud offerings remains modest in Asia, the company is upbeat about its growth prospects. Aside from investing in market education to boost market awareness, Aptira may do well by facilitating collaborative efforts between multiple parties involved in the expanding OpenStack ecosystem.

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