

**Insight**

A tale of two countries: OpenStack in China and India

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Although OpenStack is far from mature, from an operational standpoint, it is inching its way toward a number of Asian markets. Given their sheer size, China and India are often viewed as markets with great potential for the proliferation of OpenStack. As we examine the market dynamics of the two largest economies in the Asia-Pacific – China has a population of 1.3 billion, and India's population well exceeds the 1.2-billion mark – the reality is somewhat different from what industry players think it is. Driven by general familiarity with open source technologies, enterprises and service providers in China have a strong appetite for OpenStack technologies. Aside from growing its user base, Chinese providers are eager to productize OpenStack-based services and technologies. This stands in stark contrast to the market development in India, where providers are just dipping their toes in the water, with minimal commercial activity. In this report, we take a closer look at the state of play for OpenStack in China and India, and examine where the market is headed.

OpenStack in China

A clear indication of the level of interest in OpenStack is the number of active members that have participated in China's OpenStack user group. Accordingly, membership has grown from less than 100 in 2012 to more than 3,000. In terms of the number of OpenStack software downloads, China has emerged as the second-largest downloading country after the US. Ranging from researchers to global technology providers, Internet heavyweights, telecom operators and IT specialists, there is no shortage of OpenStack community projects. Rackspace was the major distributor for private cloud deployments using the OpenStack cloud reference architecture, reaching out to the potentially lucrative Chinese market through its partner-certification program.

Beijing-based Teamsun Technology has been a part of Rackspace's growing ecosystem of certified deployment partners since 2011, targeting Chinese enterprises and service providers looking to deploy their own private clouds with open source software and commodity hardware. Teamsun claims to have gained steady traction in the telecommunications and public sectors, with telcos like China Telecom and China Mobile looking for ways to transform their IT service-delivery model. While Teamsun continues to engage local enterprises and telecom incumbents with OpenStack-based projects, it's not the only game in town. Direct competition for OpenStack cloud deployments has begun to emerge as homegrown Internet giants Alibaba, SINA, Baidu and Tencent are charting their cloud strategies.

The floodgates opened in late 2011 as local Internet companies began to assess the feasibility of OpenStack for service deployments. Among the big four homegrown Internet giants, SINA has made a high-profile entry into the OpenStack frenzy with the commercial rollout of OpenStack-based cloud offerings. The company says its public cloud, Sina Web Services (SWS), and PaaS offering, Sina App Engine (SAE), are based on OpenStack technology. Its success hasn't gone unnoticed as the OpenStack ecosystem continues to expand. Some of the OpenStack users in China include 360buy, China Standard Software (CS2C), Glodon, NetEase, HiSoft and more. Although the majority of these providers tend to leverage OpenStack for the deployment of internal projects, their active participation should help boost usage. At the industry level, the availability of StackLab, a community-backed OpenStack public cloud where users can run applications in StackLab or using OpenStack API free of charge, could well prove to be beneficial for the widespread adoption of OpenStack in the coming years.

Aside from the likes of Intel and IBM, which take part in a number of regional OpenStack projects, Chinese leading vendors Huawei and ZTE are more proactively involved in driving OpenStack initiatives. In the case of Huawei, in addition to joining some 190 companies as a member of the OpenStack Foundation, the vendor has recently unveiled a commercial cloud platform based on OpenStack technology called FusionCloud. Coinciding with its commercial launch of FusionCloud, which targets telecom operators, the company has also fired up an internal cloud that serves 70,000 active users.

The growing interest in OpenStack also creates a new window of opportunity for technology providers seeking to become a part of the OpenStack ecosystem. Local technology startups 99Cloud and UnitedStack are two examples.

99Cloud: Founded in May 2012 and headquartered in Shanghai, 99Cloud has a registered capital of \$10m yuan (\$1.6m). The company claims to be the original organizers of the OpenStack community in China. Targeting enterprises and telecom operators in China and Southeast Asia, the startup is positioned to be the leading provider of OpenStack-based cloud products and consulting services. The goal is to enable customers to build production-ready clouds with OpenStack. It currently operates two IDCs in Shanghai and Huzhou to support customers.

UnitedStack: Founded in early 2013, UnitedStack is looking to simplify the deployment of cloud services based on OpenStack. Founder and CEO Cheng Hui is the evangelist of OpenStack in the Chinese community. Prior to this venture, Cheng was the technical leader of the SINA OpenStack team. Headquartered in Santa Clara, California, with operational offices and R&D in Beijing, the company is looking to differentiate itself from competition by deploying a simple-to-use and manageable cloud OS based on OpenStack. The company claims the first version of its cloud OS is almost complete. Eyeing opportunities from companies operating in greater China and Asia, UnitedStack is scheduled to have the first version of its OpenStack-based cloud OS available by October. Enhanced and new features will be added in subsequent releases.

OpenStack in India

While the economics of cloud computing are hard to ignore, in India OpenStack has been beset by competition from the likes of Microsoft (Hyper-V) and VMware (vCloud), which have grabbed Indian enterprises' mind share and market share. The situation started to change as foreign vendors, such as IBM, HP, Dell and Cisco, began pushing ahead with training programs and workshops to increase local awareness. In addition to the efforts made by global technology giants, other foreign providers that have pledged support for OpenStack in India include Aptira, Anuta Networks, Canonical, CollabNet, Ericsson, hastexo and Rackspace.

Australian managed hosting and cloud provider 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 in the Asia-Pacific. On the other hand, Ericsson is looking to demonstrate the openness of its offerings by deploying its cloud management software based on OpenStack components. Rackspace takes the view that competitive differentiation descends to a federated approach to Rackspace-enabled clouds using OpenStack. Geographically, Rackspace will follow the money, tapping opportunities in fast-growing markets around the globe.

Outlook

Following the formation of StackLab.org to drive OpenStack initiatives, we expect to see further collaboration between local providers and global vendors at both country and regional levels. In the case of China, OpenStack efforts are being directed by domestic vendors and service providers to productize OpenStack-based cloud services. Their hands-on experience is instrumental in boosting market demand and commercial implementation. Indian providers, on the other hand, are still playing catch-up. Although OpenStack-based cloud offerings are still unproven on a large scale and the business model is in an early stage of development in India, foreign participation in the form of professional gatherings and workshops is instrumental in gaining market acceptance.

Reckoning that the market for OpenStack is still in the early stage of development in this part of the world, the competitive landscape will continue to intensify, with more industry participants coming to play. Providers are likely to tighten their service integration, adding OpenStack components and capabilities to their product offerings. Consequently, the widespread acceptance of OpenStack as a standardized cloud platform will largely hinge on the involvement of industry players in driving technology integration and compatibility.

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