

## REPORT REPRINT

# Cloudwick is the One to watch for modern digital-business services

KATY RING

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The company launched its Cloudwick One modern data and analytics services and products last year, and this year it is adding a portfolio of analytic-application accelerators to round out its digital business offering.

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As pressure builds within enterprises for data-driven applications that can manage unstructured data and modern analytics, buyers are looking for pre-engineered applications, services and solutions that are proven, reduce risk and accelerate time to transformation to gain competitive advantage. Cloudwick Technologies' offering is called Cloudwick One. It's a portfolio of modern data and BI services and products designed to take customers from use case to production – using the client's preferred data platform (Hadoop or Cassandra) and cloud infrastructure (private such as Cisco Metapod, or public such as AWS or Azure), and adding further commercial open source tooling. Cloudwick is now also delivering complete use case offerings, including machine learning and predictive-analytics applications built for Spark. These use cases include catalog search, retail analytics, cybersecurity, real-time document management and supply chain.

Cloudwick does not take ownership of any hardware or data because that remains with the customer, but it does support the analytics application, the platform, the data pipe and all DevOps requirements on-premises or cloud. Its differentiation lies with its open source development experience and close partnerships with Hadoop, Cassandra, Spark and cloud vendors – at any one time about 15-20% of the company's workforce is subcontracted to vendors such as Cloudera, Hortonworks, DataStax and Databricks.

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## THE 451 TAKE

As the market moves to early majority acceptance of open source technologies to deliver big-data production systems, most organizations do not have the skills in-house to manage the necessary cloud and Hadoop technologies. Cloudwick is in a good position to take advantage of this opportunity, since it has more than 100 open source projects under its belt, and an exemplary commitment to a 90-day training program for its internal resources. It is also adding off-the-shelf accelerators to Cloudwick One, beginning with a cybersecurity app developed with Intel and Cloudera. However, in order to meet market demand, the company realizes it must rapidly build its operational scale.

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## CONTEXT

Cloudwick was set up in 2010 by Mani Chhabra, and is privately funded. It now has a team of 160 staff mostly located in the US, but with a small but rapidly growing operation in Glasgow, Scotland. 451 Research estimates annual revenue of about \$24m. The company, headquartered in Newark, California, expects to have staff of 260-300 by year-end 2016. As part of that expansion, it is looking to open further development centers in Ireland and Canada, as well as Charlotte, North Carolina.

To date, the company has grown profitably without any VC support, but for the next phase of growth, it wants to reach operational scale quickly, and so may welcome equity funding later this year. The plan is to become the largest big-data open source systems integrator in the world.

## STRATEGY

Big data started as a stand-alone capability focused on the Hadoop technology ecosystem, and was used to address specific business challenges or opportunities. It is now just beginning to be seen as part of an overall enterprise data management strategy. As such, it is poised to become part of mainstream enterprise IT. The majority of existing early-adopter projects are now moving on from proofs of concept (PoCs) to the production phase, with that transition taking months rather than years.

Cloudwick has recently seen a shift in buyer patterns for big-data projects. Until 2015, it was largely working with early adopters that were keen to build their own capabilities. Now, however, it sees market development tipping over to the early majority phase, as adopters look to solve business challenges, and therefore buy pre-engineered applications.

The main driver is that internal IT is not accustomed to operating cloud infrastructure, and so is searching for partners that can take on big-data applications and manage them. To address this, the company recently launched its Cloudwick One portfolio and is expanding it with applications, drawing on its IP from more than 100 projects using open source and cloud technology.

To start with, it has developed an Open Source Adaptive Security (OSAS) managed offering with Intel and Cloudera. OSAS leverages the Cloudera platform with the data analytics on top and visualization provided via Jupyter, a Web application for interactive data science and scientific computing. This is due for release Q1 2016. It is also creating a portfolio of modern analytic products powered by Cloudera, Hortonworks, MapR, DataStax and Databricks running on Cisco, AWS and Azure. Each will be available as a datacenter or a cloud offering, depending on enterprise requirements.

The Cloudwick One portfolio launches with modern-analytics offerings for cybersecurity, IT analytics, retail analytics and managed DevOps for big-data and cloud platforms. These apps are designed for commercial Hadoop, NoSQL and Spark from Cloudera, Hortonworks, MapR, DataStax, Databricks, Cisco, AWS and Azure. Shortly after delivering apps for the retail sector, Cloudwick will introduce apps for different verticals.

Key to the company's success as it grows is its ability to train and develop each resource so that its staff can perform well in delivering production-level services. There are no shortcuts here because improperly trained members of staff have the ability to lose petabytes of customer data. To ensure Cloudwick has the right level of professional skills in place, it puts each consultant through a 90-day, \$60,000 training program. It typically has teams of about 10 working with each customer, using Pig, Hive and Spark technologies. In order to scale, it needs to raise the number of resources it employs and trains; hence its thoughts are turning to equity investors.

## CLOUDWICK ONE

Cloudwick One is a managed big-data platform, to which the company is now adding application development and management services, around an application-service framework that it is developing with technology partners and customers. Cloudwick provides advisory, engineering and DevOps services working with customers around requirements analysis, cluster and capacity planning and strategy development.

Cloudwick also provides infrastructure offerings including modern BI, the cloud and IoT. Its team then develops the application, implements the use case, develops and manages the data pipelines, and builds the APIs to expose the data. It also automates the process, looks after the continuous-integration requirements, and manages and monitors the technology stack. To support the DevOps requirements for systems, the company has developed Big Loop, a managed support DevOps platform to connect enterprise IT, Cloudwick and vendor teams with one source for platform incident, change and knowledge management.

Alternatively, Cloudwick can use the client's Jira or other ticketing system. Once Cloudwick has onboarded the big-data app, it can fully support the users and the platform, 24x7, via Big Loop, using its centers in North America and Scotland. It currently has five customers for managed DevOps, with contracts averaging \$10m for 12-36 months. The company expects its managed applications to run for subscriptions ranging between \$25,000 and \$150,000 per month, depending upon size and scale of the deployment.

## COMPETITION

Most global CSIs have established strong business lines in older technologies (BI, data warehousing and analytics) provided by SAP and Oracle. The market move toward Hadoop, Cassandra and AWS poses a significant challenge to those businesses because the speed at which these technologies are evolving makes it difficult for traditional CSI models to keep up and make money from them.

As with every emerging service opportunity, annuity-based services are the final act once a platform and/or application is up and running. Consultancies with managed services capabilities are already seeing some interest in managed or hosted data platforms and infrastructure, as well as in PaaS capabilities delivered from the cloud and analytics as a service, providing apps delivered from the cloud. Because the budget typically allocated for older BI and data-warehousing technologies is, in many instances, now being reallocated to big-data projects incorporating open source technologies, CSIs such as Accenture, Capgemini, Cognizant and IBM are making the transition to offer the newer managed analytics capabilities.

With the rise of cloud infrastructure from AWS and others, along with the use of the Hadoop distributions, new opportunities are opening up for pure consultancies to build annuity service businesses if they want to. For smaller consultancies and for management consultancies, this will typically be by offering 'as a service' capabilities on platforms owned by technology vendors and hosted by IaaS providers.

The barriers to entry for new, disruptive players are low in terms of required asset investment. Aside from the big management consultancies such as Deloitte and EY, this is also helping smaller companies enter the managed services space. These include Avalon Consulting LLC, Altoros Systems, Beyond the Arc, BJSS, CBIG Consulting, comSysto, DataMine Lab, LatentView Analytics, Lityx, Search Technologies, Sigmoid Analytics, Squares on Blue and Trace3.

Cloudwick claims to have more production experience of Hadoop than any of these competitors, and also has a strong, ongoing training investment in open source technologies as it grows. It offers a sophisticated platform approach to support services for the environments it manages via Big Loop, which also distinguishes it from its competitors. Its partnership with Cisco around the Metapod private cloud is another factor that differentiates it in the market, and is important for its business development, given on-premises deployments are the most popular for production analytics services.

## SWOT ANALYSIS

### STRENGTHS

Cloudwick's strength as an open source specialist puts it in a good market position to develop its managed services capabilities. In particular, its managed DevOps offering, Big Loop - which supports the environments its clients want using a continuous service-delivery model that is integrated with its technology vendor partners - is directional for the market.

### WEAKNESSES

The ability to scale to meet growing market demand is an obvious challenge for any provider offering big-data services. The company is aware that this is a pitfall of rapid growth, and is planning a funding round to tackle the problem. In the meantime, it is investing in new geographical development centers using its own cash.

### OPPORTUNITIES

Cloudwick is taking the next steps to expand its horizontal-technology capabilities with the development of its security application (OSAS), and is also now beginning to build out its first vertical-sector apps capability for the retail industry using the Cloudwick One portfolio.

### THREATS

A threat for Cloudwick is being disintermediated from its customers by the arrival of bigger, well-established SIs acting as the prime contractors for big-data projects that sweep up the capabilities that Cloudwick is providing as part of a wider enterprise remit for data management.