REPORT REPRINT

ParkMyCloud finds and saves money on idle cloud resources

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451 Research

The executives behind the Ostrato cloud management platform have created ParkMyCloud, a lightweight tool to reduce AWS spending by a claimed 20% or more. It's being operated as a separate entity to Ostrato, and it has a sub-license agreement from Ostrato for the relevant technologies. ParkMyCloud allows cloud users to pay only for the computing power they're actually using by scheduling on/off times (or 'parking') for their idle AWS instances.

THE 451 TAKE

Enterprises want a verifiable and rapid ROI; and they want ease of use and cost control. ParkMyCloud offers a way to view all compute services in a single dashboard, and to schedule on/off times for compute services in an automated way. Cost and consumption management and optimization tools are where the action is in terms of revenue, funding and M&A in the cloud management platform (CMP) sector. The company has pivoted from full-service CMP to focus on managing cost.

CONTEXT

While cloud use is exploding, there's a lot of wasted spending because companies are not turning off their idle cloud resources when not used and are, therefore, incurring significant and avoidable costs. It's like not turning off lights at night or when not at home.

However, Ostrato believes Cloud Cruiser and other cost management firms are leaving opportunities behind by not offering scheduling and parking features, which the principals behind the company have broken out of its cloud portfolio as a 'Dropbox for the enterprise' offering called ParkMyCloud. CMPs require a set of proof points for each function – orchestration, abstraction, governance and cost control. This is bread and butter if you are a Capgemini or Accenture, but it's tough for startups.

TECHNOLOGY

ParkMyCloud claims its SaaS service can be up and running, and demonstrating 20% or more savings, within 15 minutes. There are three steps to using ParkMyCloud: connect with AWS to discover cloud instances; schedule on/off times for the compute services; start seeing cost reductions by the following day.

ParkMyCloud provides a single view of all AWS activity across regions (a cost-per-region view) with a list of all instances being used, and the cost, on one screen (which AWS doesn't provide). AWS's API also doesn't expose the price you are paying based on the instance type. The discovery process will identify resources that users probably don't know are running, ParkMyCloud believes.

A parking schedule turns resources off and on. It will add support for Azure, then Google and then storage, as well as EC2, and it is also thinking about reserved instances. The company expects to add auto-park recommendations based on learned downtime behavior in 2016, along with reserved instance management (AWS only, production systems) plus usage metrics.

BUSINESS MODEL

ParkMyCloud will have no sales people, and is a direct B2B subscription service. The target audience is companies spending less than $500,000 a year with AWS (said to be some 90% of AWS customers); tech startups; IT engineering and devops teams, and all roles (from CxO to cloud specialists).

It costs $29 for up to 30 instances, $99 per month for up to 99 instances, and $499 for up to 1,500. AWS has one million customers, some 48% running in production, 52% in nonproduction, and its EC2 business is worth $4.16bn of its $6.3bn revenue. ParkMyCloud is targeting that 48%, or $2.2bn, non-production system opportunity.

It hopes to have 100 paying customers by year-end. ParkMyCloud will seek VC investment, and while Ostrato will still operate and sell its cloudSM product, the center of gravity will be ParkMyCloud. Ostrato was priced to be some 8-10% of a customer's bill, versus the 15-25% that Gravitant, RightScale and others charge.

COMPETITION

There's a lot of adoption of cloud cost and spend management tools – less so for the end-to-end cloud management platform vendors, which are having a harder time with 'Swiss army knife' approaches. It's not the technology, but more that it often will require many different groups to sign off on, and/or much longer sales-cycle times (including lots of pre-sales) than cost and spend management tools.

Chef, Puppet, Red Hat, CliQr, OpenStack, Gravitant, RightScale, VMware and Dell Cloud Manager offer provisioning and management as on-premises tools supporting multiple clouds. CloudCheckr, Cloud Cruiser, CloudHealth, Cloudability and Cloudyn are SaaS offerings providing analytics on (mostly) single clouds.

SWOT ANALYSIS

STRENGTHS
ParkMyCloud is a SaaS-based application that came out of Ostrato's customer engagements to throttle cloud spend in a simple, cost-effective way.

WEAKNESSES
ParkMyCloud is entering a crowded market with plenty of experienced firms that have established strong relationships with major providers. It's playing the single-purpose, direct-sale, SaaS subscription-card as a differentiator.

OPPORTUNITIES
ParkMyCloud believes there is no simple way to control compute costs, and that it is fulfilling the need for a single view across all AWS regions with the ability to link hourly cost to compute instances. There is a more direct path to ROI for cloud cost and consumption management and optimization tools than CMPs, which is why Ostrato is pivoting toward this opportunity by becoming ParkMyCloud.

THREATS
This pivot, plus Gravitant's reorientation toward 'hybrid IT' from 'cloud broker,' shows just how tough a sell a CMP is, versus tools that can demonstrate immediate cost savings and demonstrable ROI.