

Joyent helping service providers take on AWS

Analyst: William Fellows

At the end of 2010, IaaS provider **Joyent** decoupled its software stack to sell as a packaged offering to service providers seeking to create their own clouds. The company's SmartDatacenter software is now at release 6.0.

The 451 take

Joyent's proposition is pretty clear: to help service providers take on Amazon Web Services. It's taken only a short time for Joyent to start appearing on consideration lists, and it already expects that licensing its stack will account for more than 50% of revenue in 2011. It's certainly a validation of the cloud-enablement market, and we expect to see additional service-provider customers named shortly. As the cloud-enablement opportunity unfolds, the competitive universe is expanding rapidly, too.

Joyent's software has been used to support IaaS and PaaS clouds for some 3,500-plus customers in the Joyent public cloud, its hosted business. Now Joyent is targeting service providers and systems integrators. Members of the first group own their own datacenters, often provide colocation and managed services, own and operate a network with peering relationships, or have relationships with multiple networks and – ideally – engineer all hardware components. For systems integrators, Joyent acts as a software OEM so that SIs can help their service-provider customers build IaaS and PaaS clouds. It also offers a cloud assessment program. Joyent claims key differentiators include performance, scalability, comprehension (instrumentation, reporting) and security.

Its partner ecosystem includes **Dell**, **Intel**, **Basho Technologies**, **New Relic** and **Codesion**. It's working with **Arista Networks** to automate management of network switches. Disclosed customers are **ChinaCache**, **Dell** and **Uniserve Communications**. In the Asia-Pacific region, Joyent will partner with service providers and other incumbent equipment suppliers that sell services, rather than software.

It hopes that partnering with regional providers will enable it to stand up a 'global compute network' that ties regional offerings together. The first of these partners is **Switch Communications Group** (whose Las Vegas facility also hosts Joyent) – and it claims four other service providers will become customers.

To insure itself against any impact of **Oracle's** decision to cease development of OpenSolaris – the operating system Joyent uses for its own SmartOS – it hired a bunch of former **Sun** engineers, although it claims to no longer have dependencies on OpenSolaris. It

also hired the much-respected dtrace development team from Oracle, which it expects will attract other candidates from **Stanford University** and **Brown University** – hotbeds of operating system research, and from where **Google** and **Amazon** Web Services recruit. It also acquired the node.js asynchronous JavaScript project in 2010.

Its software is priced per server (it wants service providers to max out the systems with memory and cores), plus a services fee for the enablement, depending on their own ability to get up and running. For more risk-averse customers, it goes into a revenue share-model based upon who contributes what (its software and services are still accounted as above, so it can be compared to space, power, hardware, bandwidth and marketing inputs). Customers can flip models after a period of time or an agreed-upon dollar amount. It claims it's been doing creditable business on the second model.

Competition

Joyent believes its key competition comes from vendors that sell cloud-enablement software to service providers, including **Microsoft**, **VMware**, **Citrix** and **Red Hat**, as well as such startups as **Nimbula**, **Enomaly**, **Eucalyptus**, **Cloud.com** and **Abiquo**. Additional competition comes from **Parallels**, **C12G Labs**, **CloudBroker**, **CloudScale**, **CloudSigma**, **cPanel**, **DediPower**, **DynamicOps**, **ElasticHosts**, **Elastra**, **Flexiant**, **Hexagrid Computing**, **Layered Technologies**, **maatG**, **Morph Labs**, **OnApp**, **OpenStack**, **Platform Computing**, **ThinkGrid** and **Yunteq**.

Reproduced by permission of The 451 Group; copyright 2010-11. This report was originally published within The 451 Group's Market Insight Service.

For additional information on The 451 Group or to apply for trial access, go to: www.the451group.com