



**Tier1Research**

## SunGard to introduce fully managed Enterprise Cloud

Enterprise and Mass-Market Hosting

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**SunGard Availability Services (AS)**, a division of **SunGard Data Systems**, has just reached a significant milestone as the general availability of SunGard Enterprise Cloud is scheduled to be commercially available on January 31 after spending five months in private beta and another four months in controlled availability. SunGard's latest foray (the managed service provider has made available private clouds running on dedicated **VMware** environments since 2008) into the multi-tenant Enterprise Cloud is an indication of the market evolution, one that began to get serious in the hosting industry during the past 18 months when a raft of hosting companies were under fire from investors and customers to provide new business models. Although SunGard's core business is in the managed services arena, which is still a growth segment in the hosting industry, a tidal wave of cloud frenzy is rising fast and it's hard to ignore.

For SunGard, providing Enterprise Cloud is an extension of its focus on managed services, a move that enables the delivery of elastic managed services on the fly while delivering on its promise of high availability enterprise applications. Not surprisingly, SunGard's Enterprise Cloud is a fully managed multi-tenant enterprise cloud, customizable to support customer needs and architecturally engineered to run production workloads with built-in compliance and security mechanisms. SunGard's cloud story is about managing cloud platform and cloud applications for customers. Learning by experience, enterprises still want to gain control within their virtualized cloud environment. SunGard teamed up with cloud monitoring specialist **Nimsoft** (which is now part of **CA Technologies**) in December 2010 to integrate Nimsoft's Monitoring System (NMS) into its cloud platform and made the monitoring tool available to Enterprise Cloud customers as a holistic offering.

### Key attributes define SunGard Enterprise Cloud

**Network foundation:** SunGard's strategic partnership with the VCE coalition (which is formed by VMware, **Cisco** and **EMC**) to run the VBlock infrastructure package on its cloud platform serves as a key foundation to build a scalable, multi-tenant cloud using Cisco's UCS servers, Nexus 1000v and MDS 9506 switches, VMware's vSphere 4 and EMC's CLARiiON storage. Taking advantage of the ready-made, secure hardware stack, SunGard can then focus on building security and management capability on top of the cloud platform.

**Geographical availability:** SunGard Enterprise Cloud is delivered out of its one million-square-foot datacenter in Philadelphia, which is a SAS 70 Type II and PCI DSS-compliant facility, and another location in Colorado will be available for customers as an alternative by Q2 2011. With a solid financial backing and global infrastructure assets, SunGard is planning to drive European platform convergence through integrating existing cloud platforms in Ireland (the company acquired Ireland-based **Hosting 365** last year) and existing operations in the UK into one integrated Enterprise Cloud platform by Q2 2011.

**Key features and pricing model:** As an initial phase, leveraging the management portal, Enterprise Cloud customers are able to order and provision virtual instances, manage storage with integrated backup and restore; select from a variety of networking options (VLAN, public Internet, MPLS and dedicated circuit) and monitor the virtualized infrastructure. While SunGard takes advantage of Nimsoft's extensible API and control tools, SunGard has built its own dashboard into Nimsoft to provide additional features such as change

requirement and change management capability as well as a self-provisioning tool. SunGard provides a 99.95% SLA for the availability of the cloud platform on a VM-by-VM basis. Application-specific SLA is not a standard offering but SunGard will support customers on a case-by-case basis. Additional features include replication and disaster recovery options, additional security/compliance services, an advanced dedicated compute option, offering specific to development/test workload with enhanced self-service capability and third-party public cloud management and integration are in the product roadmap for Q2 and the second half of 2011. SunGard currently is in talks with a handful of public cloud providers to support the third-party cloud initiative.

By putting emphasis on managing the cloud platform, SunGard Enterprise Cloud pricing is not a utility-based consumption model but more of a traditional contractual plan. Pricing is a flat rate for a certain pool of compute resources with managed services and customers are flexible to negotiate all changes throughout the contractual term for near-term and long-term company growth.

Targeted segments: SunGard AS has over 10,000 customers; 4,000 of those customers are managed services customers. This creates a ready-made enterprise customer base for SunGard AS to pursue its cloud business. Anecdotal evidence indicated that SunGard customers are interested in deploying a hybrid product that embraces cloud computing. Moving forward, SunGard will focus its direct sales efforts on mid-market and large corporations that require managed services to support their virtualized environments. SunGard Enterprise Cloud customers are likely to be a mix of repeat business from existing customers and organic growth.

Lifecycle management: Leveraging hundreds of global experts at the company level with different managed service concentration, SunGard takes on a consulting role by providing cloud readiness assessments and migration services to complete its cloud story. Seemingly, this is a cloud play in the high-end enterprise market, similar to the ones provided by British Telecom, **Orange Business Services**, and **Verizon Business**.

### **Building a hybrid cloud story with SunGard Enterprise Cloud: Customer use cases**

A selected number of customers have been using SunGard Enterprise Cloud since the controlled availability. We highlight two use cases as a point of reference.

**ZL Technologies**, a provider of e-content archiving software, has been supporting large corporations in managing their digital assets. ZL Technologies was looking for new growth opportunities leveraging SaaS model to support on demand E-discovery. ZL Technologies selected SunGard to support existing customers, large corporations in particular, for digital management in the traditional managed service environment while leveraging SunGard Enterprise Cloud to reach out to new market segments looking for opex-based service delivery model for content archiving. At present, ZL Technologies deploys SunGard Enterprise Cloud in a production environment. Although the current deployment is small in scale (up to 15 VMs), ZL Technologies expects to scale very quickly as demand picks up.

**Cycle 30**, a spinoff of Alaska-based telecommunication provider GCI, provides integrated billing software to other telcos. One of the key determinants that led to its selection of SunGard Enterprise Cloud was the interoperability with the physical servers since Cycle 30 intended to use the cloud environment for development/test and staging. Cycle 30 started with 20+ VMs but is growing rapidly. Cycle 30 also uses SunGard's managed dedicated environment to support production workloads that were running 'staging' in the Enterprise Cloud.

### **T1R take**

Injecting its managed service expertise into the Enterprise Cloud, SunGard creates a differentiated service that appears to be a good match with the needs of traditional enterprises and ISVs. For large corporations and global companies, the ability to support an integrated, cross-border cloud platform will prove invaluable. While lacking today, the short-term plan to enable cloud platform convergence in Europe is noteworthy to mention.

The company's long history in serving the managed service market backed by a strong security and compliance story should help it to earn the trust of businesses in key market segments that have to meet vertical-specific regulatory requirements. Taking a high-touch approach can help increase the stickiness of customers; however, the tradeoff is a lengthy sales cycle. SunGard will need to be strategically patient as it continues building cloud credentials in both the US and Europe, and make sure to deliver a consistent set of product features regardless of geographical locations.