

REPORT REPRINT

Embotics raises funding to grow its cloud management platform opportunity

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The company recently raised funding from Arrowroot Capital to accelerate its growth plan, and is now building out a cloud management platform for cloud service brokering.

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Embotics recently raised \$12.4m in funding from Arrowroot Capital Management to accelerate its growth plan, bringing total funding to more than \$40m. It is building out a cloud management platform for cloud service brokering and now has more than 100 customers.

THE 451 TAKE

Cloud is enabling organizations to get to customers faster, to innovate more rapidly and to disrupt rather than be disrupted. Cloud transformation is the direction of travel for every organization. It's not a one-time event or a destination, it's a journey every organization will need to undertake in order to compete and survive. The questions are what to move, to where and at what cost. Cloud management platform tools and services are the key to successful cloud transformation, and help users navigate this journey. No one company or approach has a leading position here. Embotics' VMware heritage and expertise will enable firms to extend from on-premises virtualized environments into the cloud with vCommander's automation tools.

CONTEXT

Embotics started life in 2006 as a VMware ecosystem vendor, helping customers plan for consolidation and manage virtual sprawl. As its customers moved from server virtualization projects toward private cloud automation, the company added capacity and performance management, as well as lifecycle, change and configuration management features. Its vCommander platform has evolved into a full-service public and hybrid cloud management platform that supports cloud service brokering by enterprises (as internal service providers) and for service providers (as hosted broker services).

BUSINESS MODEL

The investment by equity financing firm Arrowroot follows \$8.4m in equity financing from VentureLink, Covington Fund II and private investors in 2012, which brought funding to \$18.2m. In 2008 the company raised a \$4m second round led by Covington Capital to add to its series A round of undisclosed size from Tera Capital and other investors.

The 50-person firm claims to have 100 customers and to be profitable on revenue close to \$10m. Deal sizes go to \$1m-plus, and it has a mix of large enterprise, midmarket and service-provider customers, including Nordstrom, NASA, Informatica, CareFusion, Peak 10 and Charter Communications. Seventy percent (70%) of customers are private cloud customers, with the balance public cloud.

TECHNOLOGY

The vCommander platform provides self-service IT delivery for enterprises and service providers. It enables users to analyze, compare and optimize services, and to provision and broker across private, hybrid and public clouds. It provides metering and billing based on usage. It doesn't do migration, arbitrage or application performance monitoring – it will partner for migration and APM and develop its own arbitrage. It tags everything it provisions – and things it doesn't – so it can track them through their lifecycles.

Customers such as Nordstrom and Informatica have picked technologies such as Chef and Puppet, and are using these in conjunction with vCommander for VMware on-premises-to-AWS provisioning and management (more customers are using Chef than Puppet at this point). Most use cases are one-time deployments either on to or back from public cloud; users aren't moving workloads between different public clouds or pursuing workload mobility.

COMPETITION

Embotics claims vCommander is easier to set up than its chief competitor, VMware vRealize. Moreover, vRealize requires the use of multiple products and tools (for example, for cost visibility), which are bundled in vCommander. Other competitors in the enterprise are BMC, CA Technologies, RightScale, Scalr, Cisco CliQr and CloudBolt. In the service-provider space, competitors include VMware, OnApp and AirVM.

SWOT ANALYSIS

STRENGTHS

Embotics has raised a substantial amount of financing to accelerate sales and marketing for its vCommander cloud management platform, which has over 100 customers. Directionally, Embotics plans to become a full service cloud broker.

WEAKNESSES

Investors are still waiting for the cloud management platform market to consolidate. While there have been point-product acquisitions, the opportunity for an acquirer to roll up multiple assets into a full-service cloud management platform play has yet to materialize.

OPPORTUNITIES

Embotics' organizing principal is helping customers to move from private on-premises VMware deployments to public clouds, rather than public-to-private like companies such as RightScale.

THREATS

Customers should weigh the options of a single-pane-of-glass experience vs. a modular best-in-class approach that enables them to select multiple services and management tools, lest it becomes a single glass of pain.