

Zynstra develops partnership with HPE for Easy Connect cloud managed appliance for SMBs

JANUARY 30 2017
BY JOHN ABBOTT

UK software house Zynstra has been building up a more international presence over the past nine months through a deepening relationship with Hewlett Packard Enterprise (HPE). In April 2016, the company's managed services platform was chosen by HPE as the software foundation for Easy Connect, a cloud managed server appliance aimed at small and medium-sized businesses, providing on-premises IT hooked up to cloud-based management and services. The agreement was extended in November 2016 to support a broader range of systems platforms, and Zynstra has since found larger companies showing an interest in its technology for enterprise, campus and branch deployments.

The 451 Take

Zynstra's founding team was already identifying a more distributed IT infrastructure world in 2011, disagreeing with the generally held view of cloud as the ultimate end point. Instead, it worked on the idea of hybrid IT consisting of a central cloud infrastructure capability for key workloads, but with intelligence at the edge forming a distributed compute, storage and networking fabric. Its longer-term vision is that edge computing will only become more important, so it wants to reduce the operating

cost of deploying and managing virtualized and containerized workloads at the network edge.

However, there's some room for confusion here because primary partner HPE is busy establishing the term 'edge computing' more in the context of the Internet of Things and industrial automation through its Edgeline servers. But over time, these approaches may come close together under the broader term of 'hybrid IT.'

Context

Zynstra, based in Bath, was founded in November 2011 by Nick East (CEO), Dave Etle (CTO) and Brian Buggy (VP, Products). All three were among the founding team at Cramer Systems, an operational support systems software house selling to telcos that was founded in 1996, and they transferred over to Amdocs when that company acquired Cramer 10 years later for \$375m. Zynstra has raised roughly \$15m in funding, most recently a series B round of \$8.4m. Octopus Ventures is the lead investor, with participation from angel investors (including Jon Craton, Zynstra's chairman and the founder and former CEO of Cramer). There are now 50 staff in the UK and in the US office in Clearwater, Florida, up from 35 when we previously spoke to the company in September 2014.

Products

The ProLiant Easy Connect EC200a, which HPE describes as a 'hyperconverged appliance,' was launched in April 2016 and comes as a single SKU with the software pre-integrated. It has been shipping since July. The unit is a purpose-built server about one-third of the size of its datacenter equivalent box (such as the ProLiant DL 380), using a Xeon D-1518 processor and with up to 64GB memory, 8TB storage, an NVMe PCI Express SSD accelerator and integrated ILO and backup. HPE and Zynstra collaborated on the design. The integrated software delivers the hypervisor (Xen by default) on top of ZFS storage infrastructure along with a Windows or Linux automation layer. This provides the foundation for the lightweight VMs that host the applications. The aim is to provide for sites where no admin staff are available with highly resilient resource deployment – no need to send a technician to carry out upgrades, and able to operate even when bandwidth resources are minimal – and automation that keeps the distributed sites up to date, secure and consistent. Servers are spun up, they register home, find out what they should look like and configure themselves to that preset personality.

As a package, it's designed so that managed services and reseller partners can deliver on-premises IT

managed service delivery, integrated with the cloud for SaaS applications (such as the integrated Office 365) for a subscription price. As well as the managed applications and automated cloud-based backup and disaster recovery, the EC200a acts as a network gateway and provides user identity management, local security and file and print management. Additional services, such as master or slave Active Directory integration, and an integrated firewall (sourced from Untangle Inc), can be added and delivered by the channel partners. Prices start at about \$10 per user per month, depending on the number of services required. The appliances are sized to serve up to 50 users per box. Since November, customers that want more powerful hardware can opt instead to run the fully integrated Zynstra software on the HPE ProLiant ML110, which supports up to 150 users, or on a ProLiant DL. But some larger users – including one prospect with over 4000 sites - have evaluated the smaller EC200a instead because they can be clustered together. The SSD acceleration and fast I/O in a small form factor turns out to be a good fit for in-memory database-oriented applications in retail environments, where there isn't a huge amount of write activity.

Strategy

Zynstra's software runs without hardware dependencies, and initially it chose Dell hardware as its preferred platform. It set up relationships with distributors and channel partners, including Ingram Micro and directly with managed service providers such as Easynet (now Interoute). Those relationships are still in place, but HPE has stepped in as the primary systems partner, taking Easy Connect to market through its own global partnerships and channels. The HPE relationship began in EMEA but has since expanded worldwide. Retail stores and banking, with many remote sites that require centralized control, are the obvious target, but HPE has expanded the reach out to enterprises as well. The Zynstra brand is maintained on the user interface and in all the marketing collateral as a co-brand.

It's also still possible to sell 'as a service,' wrapping the hardware components up in the agreement, and this fits in with the trend of smaller service providers looking to optimize their MPLS networking onto standard x86 server infrastructure. Zynstra's continued focus is to reduce the operating cost of deploying and managing virtualized and containerized workloads at the network edge, through the lightweight delivery of preconfigured virtual compute, storage and network functions in a small software footprint, along with the central cloud management tools for supporting and maintaining them.

Competition

Zynstra and HPE sometimes call what they are doing 'hyperconvergence for the edge,' but they are closer to Meraki than to Nutanix – and indeed, one of the founders of Meraki – Hans Robertson – is on Zynstra's board. Meraki had developed automated cloud-based control and management technology, initially for Wi-Fi but later for broader network services, before it was acquired by Cisco in November 2012 for \$1.2bn.

However, Nutanix, and lesser-known HCI companies such as Scale Computing, are now targeting remote-office branch-office deployments. (HPE, of course, has just agreed to acquire number two HCI vendor SimpliVity). Zynstra also sees some point competition from storage and file sharing gateway appliances (CTERA, Egnyte), and there's some overlap with next-generation firewalls and software-defined WAN startups (Versa Networks, Glue Networks, Talari Networks, Viptela, CloudGenix and VeloCloud). More often, however, it comes across do-it-yourself packages put together by channel players and service providers.

SWOT Analysis

Strengths

Through Zynstra and Easy Connect, managed services and reseller partners can deliver on-premises IT managed service delivery, integrated with the cloud for SaaS applications (such as the integrated Office 365) for a subscription price.

Weaknesses

As a small company based in the UK, Zynstra needs to foster its relationship with HPE in order to build its profile and extend its reach – but that relationship means it's not able to push its multi-vendor story as much as it did as an early stage startup.

Opportunities

Retail stores and banking with many remote sites that require centralized control were the initial targets, but HPE's brand and channel should help Zynstra expanded its reach to enterprises with remote and branch offices as well.

Threats

Zynstra has pegged its future on the HPE relationship by pulling back on most of its other partnerships. It now needs to make a success of working with and through HPE.

John Abbott

Founder, Distinguished Analyst

M&A ACTIVITY BY SECTOR
M&A ACTIVITY BY ACQUIRER
FIGURES SHOWN INDICATE NUMBER OF TRANSACTIONS

COMPANY MENTIONS (PRIMARY)

Zynstra

COMPANY MENTIONS (OTHER)

Amdocs Cisco CloudGenix Cramer Systems CTERA Networks Dell Technologies Easynet Global Services Egnyte Glue

Networks Hewlett Packard Enterprise Ingram Micro Interoute Communications Meraki Nutanix Octopus Ventures Scale Computing

SimpliVity Talari Networks Untangle Inc VeloCloud Versa Networks Viptela

CHANNELS

Development, DevOps & IT Ops Systems & Software Infrastructure

SECTORS

All / Infrastructure management / Business process management / General

All / Infrastructure management / Systems management / Service level management