

## REPORT REPRINT

# WP Engine helps to push the managed WordPress hosting model into the enterprise

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One of the originators of the managed WordPress hosting model – which is becoming increasingly popular among traditional hosting providers – WP Engine is seeing strong growth as it helps to push the open source WordPress platform into the enterprise.

### SECTORS

ALL / HOSTED SERVICES / WEB HOSTING



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In terms of size, maturity, technical capabilities and product design, WP Engine is widely regarded as a leader in providing managed hosting based on the open source WordPress content management system. In this sense, it is helping to set the tone for the larger market of more traditional, generalist Web and application hosting providers as many of these service providers develop managed WordPress hosting products of their own. More recently, WP Engine – along with Automattic’s Wordpress.com VIP service and a small number of other services – has contributed significantly to establishing WordPress itself as a platform that can be reliably deployed in a range of enterprise scenarios – beyond its core audience of small Web design and development shops.

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## THE 451 TAKE

WordPress is the most widely deployed application on the infrastructure of most Web hosting providers by a significant margin. However, because the software is free and open source, it doesn’t necessarily translate to revenue for most of those providers, outside of broadly driving usage of their infrastructure. A small but growing group of specialist service providers is offering managed hosting services based specifically on the WordPress platform. The success of this group in serving Web designers and developers, along with other user types, is leading more traditional hosting providers to develop managed WordPress products of their own. This is one of several key ways in which software is coming to define the ways in which Web hosting providers are going to market. WP Engine is among the most notable players in the managed WordPress space in terms of its size, the technology it has developed, the contributions it has made to the WordPress community, its ability to support the platform and the types of customers it has been able to attract.

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## CONTEXT

WP Engine was founded in 2010 and is headquartered in Austin, Texas. During the last five years, the company has raised roughly \$40m in three funding rounds, which have included investment from Silverton Partners and North Bridge Venture Partners. The privately held company does not reveal information on revenue or growth.

WP Engine has more than 300 employees, most of them in Austin, but some are in the San Francisco and London offices. It has more than 37,000 customers in 133 countries, supports more than 300,000 WordPress sites and serves more than one billion page views each day. Customers range from small business websites to large Web projects on dedicated server clusters serving more than 70 million visitors per month. Management indicates that it is currently in 12 datacenters worldwide.

## TECHNOLOGY

WP Engine’s services are based in large part on open source software – WordPress, of course, and the LAMP stack, along with additional platform tools such as Nginx, Varnish and Memcached – as well as third-party infrastructure from the likes of Amazon Web Services and Rackspace. WP Engine’s in-house technology has to do with how it architects and operates that infrastructure, and how it configures those open source components to optimize for WordPress performance and security. To the managed WordPress hosting audience, performance typically means uptime and page load speed, both in general and at a heavy user load (ability to scale). Management indicates the company has more than 4,000 rules that run on its platform – these include configurations for caching tools, PHP, OS, database and other components. WP Engine refers to its WordPress architecture as EverCache. It also provides a SLA that covers platform uptime.

WP Engine is a significant code-level contributor to the WordPress core. It has two developers on staff who are closely involved in the development of the application itself. Among other things, this enables the company to iterate on its own platform with an awareness of planned developments to the core. As an early example of the managed WordPress hosting model, WP Engine says it was first to introduce developer-friendly features that have more or less become table stakes in the market – such as providing each customer site with a staging environ-

ment and integrating with developer tools such as Git and Vagrant. The company continues to experiment with new technologies that may become part of its platform, or industry standard practice, over time. Examples include working with early builds of new PHP versions or with tools such as the HHVM compiler.

## STRATEGY

A large part of WP Engine's strategy involves delivering on what it considers enterprise-level service. This is partly a matter of enabling the company to reasonably bid for and win enterprise managed hosting business, but the level of service it provides also becomes a differentiator for WP Engine within the larger market of smaller customers in the designer, developer and agency space.

From the company's perspective, delivering that level of service involves operating a separate support tier that deals with larger, more complex customers and results in faster resolution times at every level, according to the company. The company also has account managers that can serve as a point of escalation for larger customers and proactively review their services.

In the broader market, WP Engine believes it differentiates on the quality of its support and service. This is a common claim in the Web hosting space. However, it is a realistic differentiator in the very specialized, and very performance-focused managed WordPress hosting market.

## COMPETITION

WP Engine's key competition is the relatively small set of specialty managed WordPress hosting service providers. This group includes WordPress.com VIP operated by Automattic, which was an early investor in WP Engine and, along with WP Engine, is a leader in this market. Pagely and Pantheon are among the providers seeking to serve enterprise users, as are an emerging group of smaller providers that includes Flywheel, Kinsta and Synthesis. WP Engine also competes with a growing group of managed WordPress hosting products that have been introduced by service providers in the traditional infrastructure space. These include DreamHost, Media Temple, GoDaddy (which owns Media Temple) and several Endurance International Group brands, including BlueHost and HostGator.

## SWOT ANALYSIS

### STRENGTHS

WP Engine's strengths include its expertise in operating WordPress, the performance of its platform, and its reputation and exposure within the WordPress open source community.

### WEAKNESSES

As the company increasingly attempts to deliver its services into the enterprise space, its limitations may lie in the breadth of its services relative to the infrastructure service providers against which it may be competing.

### OPPORTUNITIES

WordPress has a huge share of the content management system market, and a large portion of that is self-deployed instances on generic hosting infrastructure. Along with entering the enterprise market, WP Engine has a significant opportunity to pick up a portion of those self-managed WordPress installations.

### THREATS

The success of WP Engine and several of its closest competitors has led many in the traditional Web hosting space to begin developing more advanced WordPress hosting products of their own. This is creating new competition, particularly for the lower end of the market.