

REPORT REPRINT

Veristorm expands focus from mainframe to cloud data integration

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Best known as a purveyor of mainframe data integration and migration software, Veristorm has expanded its capabilities and is shifting its focus to databases running in the cloud.

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Best known as a purveyor of mainframe data integration and migration software, Veristorm has expanded its capabilities. The recent launch of Veristorm's vStorm Enterprise 3.0 highlights that, while its mainframe expertise is a differentiator for the company, Veristorm is shifting its focus to the cloud.

THE 451 TAKE

Veristorm's initial strategy was based on bringing Hadoop to mainframe data. That established the company's expertise with regard to both mainframe application and big-data analytics, but it is clear from the company's expanded strategy that a larger opportunity exists to bring mainframe data to Hadoop and other data platforms, especially those in the cloud. Cloud migration is a subject area that the company's founders know well, and its established OEM partnerships mean that it's getting involved in some large-scale projects. Customer deals are taking time to move from proof of concept (PoC) to production, but the shift to cloud could help accelerate that process and help the company land some big-name reference customers.

CONTEXT

Having been founded in early 2013, Veristorm emerged the following year with an offering designed to enable enterprises to integrate mainframe data with other data sources as part of big-data analytics projects. The company's strategy initially focused on obviating the need for ETL processes in offloading data from mainframes to other data platforms for analysis.

In September 2015, we noted that the company had transitioned to a broader data integration and management focus, with increased emphasis on migrating data from mainframes to other data platforms. The recent release of vStorm Enterprise 3.0 continues that transition, with a particular focus on migrating data to cloud-based data platforms.

Veristorm initially became best known for zDooop, a distribution of the Apache Hadoop data-processing framework designed to run on IBM's System z and enable users to perform Hadoop-based analysis of mainframe data in a secure environment while avoiding the need to migrate data to external Hadoop clusters. While zDooop remains available, the company reports that it is seeing little stand-alone interest in that approach, and that customer traction is being driven by vStorm Enterprise, which is designed to move data from System z, transforming it in flight for analysis on an external data platform.

Target platforms supported by Veristorm via vStorm Connect include Hadoop distributions from Cloudera, Hortonworks and IBM, as well as relational databases (Oracle Database, IBM DB2, PostgreSQL, Amazon Web Services Redshift), nonrelational databases (MongoDB), and Linux servers and high-performance computing environments. While still best known for its mainframe expertise, Veristorm also supports integration from a range of data sources, including a variety of mainframe data files, as well as Hadoop distributions and relational databases.

The company's expertise in handling mainframe data sources such as QSAM and VSAM remains a differentiator, driving the company's three most significant OEM partnerships with IBM, Oracle and CA. However, Veristorm notes that an increasing number of customer engagements are specifically focused on migrating data to cloud-based data platforms for analysis. Veristorm supports a number of cloud options, including IBM Bluemix and SoftLayer, Amazon Web Services, Google Cloud Platform, Microsoft Azure, and – most recently – Oracle Cloud.

Veristorm is also expecting growing interest in more real-time data integration projects. While it doesn't yet offer support for the Apache Kafka low-latency publish and subscribe messaging system, it is due in the next version of vStorm Enterprise – in a matter of weeks – and will utilize Kafka support to deliver real-time migration of data to cloud environments.

The company notes that integrating with Hadoop in the cloud significantly reduces the time taken for potential customers to perform PoC trials with vStorm Enterprise, and while Veristorm can currently boast only nine paying customers, compared with six in September 2015, it is anticipating a significant ramp-up of customer conversions between now and the end of the year.

Even with fewer than 10 paying customers, the company is still generating significant revenue (451 Research estimates that the company's revenue is currently in the region of \$4.5m-6m). Its mainframe focus, combined with its relationships with IBM, Oracle and CA, means that many of its deals are significant transformation projects. That means they may take longer to move from PoC to production, but they are generating large-scale revenue. For example, the company notes that approximately one-sixth of the deals in its sales funnel are significantly larger than \$1m, while close to 50% of the rest are in the region of \$1m, and the rest are small-scale projects in the region of \$500,000.

The shift to focus on the cloud and real-time integration has impacted the company's employee mix. We noted in September 2015 that Veristorm had approximately 15 full-time employees. That figure has dropped to 12, although the company has added a team of contractors based in India that is focused on emerging plans.

The growing focus on migrating data to cloud data platforms takes the company's founders back to a previous area of expertise. Veristorm was founded by the former management team behind cloud migration player RiverMeadow Software, with RiverMeadow's two cofounders, Sanjay Mazumder and Anil Varkhedi, CEO and CTO, respectively.

COMPETITION

Given Veristorm's expertise with regard to migrating and integrating mainframe data, it is most likely to be compared with Syncsort, which offers ETL integration software with a focus on mainframe environments and Hadoop with DMX-h. Veristorm's approach is somewhat different in that it is designed to perform transformations in flight (hence the initial positioning as a disruptor to traditional ETL methods); however, the vendors and their products are designed to serve the same endgame. Likewise, the company is also likely to face competition from more general-purpose integration specialists, such as Informatica and Talend, while OEM partners IBM and Oracle also have interests in integration and migration technology.

There are also several Hadoop-based integration tools and projects that might be considered by enterprises taking a more DIY approach, along with Simba Technologies' drivers, SDKs and connectors. Veristorm is somewhat protected from competing directly with other providers thanks to its OEM strategy, and Simba also sells mostly through OEMs.

SWOT ANALYSIS

STRENGTHS

Veristorm has proven expertise in dealing with mainframe data, and has established a solid collection of OEM customers that are providing it with access to large-scale transformation deals.

WEAKNESSES

The company's strategy remains in a state of flux, and while its customer engagements are potentially large, they remain few and far between.

OPPORTUNITIES

The increased focus on cloud projects should help the company prove its value to potential customers more quickly, while opening up new business opportunities.

THREATS

The company faces a range of competitors, including, potentially, its own OEM customers - although that also makes it a potential acquisition target for its mainframe and growing cloud expertise.