

REPORT REPRINT

How Quali's live modeling supports the digital transformation agenda

WILLIAM FELLOWS

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Building out from its test lab automation roots into DevOps and hybrid cloud, Quali's CloudShell sandboxes provide automation, orchestration and management, enabling enterprises and service providers to do things faster and more efficiently - and to do new things.

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Building out from its test lab automation roots into DevOps and hybrid cloud, Quali's CloudShell sandboxes provide automation, orchestration and management, enabling enterprises and service providers to do things faster and more efficiently – and to do new things. The company has increased integration with DevOps tools and expanded support for cloud providers for public, private and hybrid deployments (including bare metal, VMware, OpenStack, AWS, Microsoft Azure and Oracle Cloud).

THE 451 TAKE

There is a massive landgrab underway as industries convert to cloud. The more effective a vendor can be in supporting this journey and the broader digital transformation that is underpinned by cloud, the more of a right it will have earned to play in the ongoing management and optimization of deployments, which is where the majority of the opportunity ahead will be found. Using CloudShell, Quali's blueprints provide enterprises and service providers with live modeling for pre- and post-production deployment optimization across hybrid clouds.

TECHNOLOGY

Quali can manage and orchestrate full-stack environments, and offers a cloud-agnostic solution. The company points to deal wins with on-premises datacenter and lab environments based on its ability to reserve resources, model blueprints and deliver it as a service. Quali's CloudShell automated sandbox environment for DevOps and cloud can spin up and spin down environments on public, private or hybrid clouds for dev/test, DevOps, demo/POC clouds, and security and compliance validation. CloudShell Pro is for on-premises and hybrid deployments. Quali introduced CloudShell VE (virtual edition) for public and private clouds in August 2017 (AWS, Azure, OpenStack and VMware), and claims it can be used to set up complex environments in an hour or less. Via CloudShell, it also provides CyberRanges for modelling environments for security posture evaluation, training, certification and compliance. It says CyberRanges' momentum is picking up, with several defense and federal deals in the pipeline and procurement stages, plus wins at two major credit card companies, in education and in other enterprises.

Product updates include the addition of save and restore capabilities, initially for VMware-based sandboxes, with support for physical and public cloud environments to follow. Custom Cloud Provider integration capabilities will allow for easier deployment on target cloud environments, in addition to enabling enterprises to try different cloud providers based on the nature of applications, cost models and regional preferences. It works with firms such as Jenkins, TeamCity (JetBrains), JFrog, CA/BlazeMeter and Atlassian/Jira to showcase its ability to deploy applications in sandboxes, consume test services as part of the sandbox lifecycle, and perform troubleshooting using a customer's existing toolsets.

PUBLIC CLOUD PROVIDERS

Quali provides the ability to model complex application blueprints with built-in orchestration to set up and tear down interconnected virtual machines in the target cloud of choice. It's establishing a DevOps competency program and Migration Acceleration Program with AWS. It's pursuing a co-sell-ready status with Azure, which will expose Quali to the Microsoft enterprise sales teams in a structured manner. Quali is part of the Oracle OCI marketplace and is working with it on joint go-to-market opportunities with hybrid use cases.

BUSINESS MODEL

Founded in 2004, Quali has more than 300 customers, more than half of which are for its monthly recurring-revenue CloudShell product (TestShell is its older product). It added four new Fortune 1000 customers in Q4 2017, and while the majority of its customers have traditionally been service providers, it claims a 55% year-over-year revenue growth for that quarter, split almost evenly between service providers and enterprises. It says revenue grew 25% over 2016, enabling it to increase sales and R&D headcount by 10% to about 130. As it shifts from perpetual to subscription-based revenue, it says 75% of its contracts are now subscription-based and it has achieved a 95% renewal rate. The previously flagged upcoming SaaS version of its product will accelerate this. When we last visited with the company, it had six- and seven-figure customer deals. New partnerships and product integrations in 2017 included those with AWS, CA Technologies, Microsoft Azure, Oracle Cloud, JFrog and CGI Group. It has already integrated as a technology vendor to Cisco's DevNet community and the Huawei developer ecosystem. More than two-thirds of its business is via channel sales – it wants that to be 100%. Having raised \$28m through 2014, the late-stage firm is seeking to scale the business for the cloud management opportunity. We estimate revenue to be north of \$20m.

COMPETITION

Test lab automation competitor Skytap is now positioned for migrating and modernizing applications. Other vendors that are competitive in this space include Oracle with Ravello, Hashicorp with Terraform, CloudShare, NetScout and Embotics, plus the various cloud management vendors.

MULTIPLE CLOUD ENVIRONMENTS; MULTIPLE CLOUD PROVIDERS

We will focus primarily on a single cloud environment, not multiple clouds

32% Single Cloud

We will have multiple cloud environments, but there will be little to no interoperability between the cloud environments

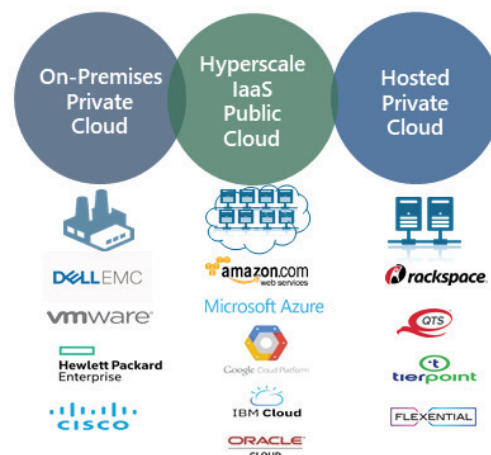
27% Multi-Cloud

We will have multiple cloud environments to migrate workloads or data between different cloud environments

24% Multi-Cloud+

We will have multiple cloud environments where the delivery of a single business function across the different cloud environments is seamless

17% Hybrid



Q. Which of the following best describes how your organization will use different on-premises and off-premises cloud environments over the next 2 years? (n=503)

Source: Voice of the Enterprise, Cloud Transformation, Vendor Evaluations, 2017

SWOT ANALYSIS

STRENGTHS

The ability to have consistent services across a multi-cloud landscape is becoming important to enterprise customers as the use of multiple clouds increases. Quali delivers sandbox environments as a service across public, private and hybrid clouds, which is aligned with this requirement.

WEAKNESSES

The business of enabling enterprises to get onto the cloud, managing deployments and ongoing optimization represents a huge opportunity attracting all kinds of players. Strengthening its go-to-market strategy with the public cloud providers will help to raise its profile here.

OPPORTUNITIES

The anticipated SaaS version of CloudShell will be a force multiplier as the company transitions to a subscription-based, recurring-revenue model.

THREATS

With so many vendors targeting the opportunity from so many different domains, it's not yet clear how far the test lab automation vendors can reach into broader cloud management.