



## Tier1Research

### Geminare's RaaS rides on Windows Azure, reaching out to Microsoft partners

Enterprise and Mass-Market Hosting

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As **Geminare** continues to ramp up its channel strategy, the enabler for cloud storage and recovery services is thrilled to announce a strategic partnership with technology giant **Microsoft** to bring its recovery as a service (RaaS) to Microsoft's Azure cloud platform, which is commercially available in 41 countries worldwide. Joshua Geist, CEO of Geminare, suggested that the partnership represented a major milestone in the company's channel strategy, taking it to the next level.

Under the agreement, Geminare's cloud-storage and disaster-recovery enablement platform will be fully integrated into Windows Azure, and its RaaS product suite will be available from the Windows Azure Marketplace subsequently. While in beta on Windows Azure for its email- and file-archiving offering, the company says it's now taking on partners. According to the company, email and file archiving will be generally available on Windows Azure in the next 1-2 months with a complete white-label option, followed by online backup and rapid recovery services.

Prior to the strategic partnership with Microsoft, Geminare has already garnered some 100 partners from multiple service disciplines, including the likes of **Bell Canada**, **CA Technologies**, **CenturyLink**, **Iron Mountain**, **OpSource** (which is now a **Dimension Data** company), and **Ingram Micro** to reach out to hundreds of thousands of SMBs for cloud backup and disaster-recovery services. Nevertheless, the alliance allows the company to gain immediate access to Microsoft's extensive partner network, as well as the high-end enterprise segment. Eyeing the possibility of tapping hundreds of thousands of Microsoft partners, Geminare has every reason to be optimistic, and it suggests just the low-end email-archiving business could translate into a market worth \$1.5bn.

#### What to expect after the handshake?

While accessing the RaaS product suite from within Windows Azure Marketplace, the strategic partnership with Microsoft does not include any revenue-sharing arrangement. Depending on the type of services, Geminare's RaaS data-protection suite will be charged on a per-user (email archiving) or per-server (rapid recovery service) basis and billed monthly, which is in line with its pricing mechanism for existing partners. That said, with Microsoft becoming the cloud partner of choice, it could potentially be a game-changing opportunity for Geminare because the Azure Cloud tends to be used in production environments where disaster-recovery capability is deemed critical. It says there is a partnering program in place from marketing to product development, and the company has taken part in Microsoft-led partner road shows.

For service providers seeking to create their own value-added offerings, they will now be able to meet global service requirements leveraging Windows Azure global cloud platform. Geminare says the availability of a global platform is not only appealing to providers that don't have their own infrastructures, but also network operators looking to target a much broader geographical footprint for their services than they can now. One example is a key managed service provider hoping to benefit from the Azure cloud platform, rather than building its own private cloud to meet the customer requirement of a geographically distributed workforce for email-archiving services.

In an effort to boost service visibility from a marketing standpoint, Geminare says its partner has made changes in the Windows Azure marketplace to highlight selected services, rather than the hundreds of applications and services that are available in the marketplace today. Geminare's OEM partners will also be able to offer Windows Azure-backed RaaS directly to their customers.

The full integration with the Windows Azure platform enables Geminare to demonstrate integrated billing capability that provides customers with a single bill for both Azure cloud service and Geminare's RaaS. Alternatively, customers can get integrated billing using their existing accounts (enterprise relationships) with Microsoft. Geminare claims that its integrated billing option is the preferred customer choice because customers can get cloud resources at a lower cost than buying directly from Microsoft.

#### **Business model**

Founded in 2004, Geminare remains a small company with a couple dozen employees in the US and Canada. The company claims to have experienced over 100% growth in sales during the last six months, and expects to see hockey stick growth in the coming months. Although it does not provide its annual turnover, the company is expecting a profit shortly.

Using a pure channel strategy, Geminare relies on a network of service providers, which includes ISVs, telcos, hosters, managed service providers, OEM partners and resellers, to bring RaaS to small businesses and mid-sized companies using a recurring revenue model. Geographically speaking, it says approximately 70% of partners are based out of the US, and another 30% of partners come from all corners. The company reveals gaining market traction in South America and is in active discussions with a handful of Chinese operators, indicating providers in emerging markets are serious about harnessing cloud opportunities.

In anticipation of high-growth trajectories, Geminare is seeking to raise another round of venture funding. The company is currently raising a series A investment and is looking at a \$5-10m round from the traditional VC community. The current institutional investor is **BEST Funds** out of Toronto with multiple angels and super angels funding the company, including CEO and founder Joshua Geist. If all goes as planned, the company will invest further in sales and marketing.

#### **T1R take**

Being a small player going up against the likes of **IBM**, **HP** and **SunGard**, Geminare seems to make its mark in the data backup and recovery arena using the channel strategy. The company's strategic partnership with Microsoft comes as no surprise, taking into account its early success in growing a network of SME-focused hosters, SIs and managed service providers, and notching up some significant wins in the top-tier provider market.

The integrated approach should help Geminare reach out to transforming enterprises looking to benefit from the cloud without compromising security and continuity, which is a new market segment for the cloud enabler, in addition to hundreds of thousands of Microsoft partners at the global level. The market potential could be immense, but it would happen spontaneously. Geminare must tighten up its channel management for best practices as it enters a new chapter in the data-protection world.