

Coverage Initiation: Vega Cloud leans on founders' MSP experience for debut cloud management platform

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Introduction

For well over a decade, cloud computing has been the reality for enterprises the world over. It stands to reason that managing virtual assets in cloud infrastructure should by now be a solved problem – certainly, there have been dozens of startups in the cloud management platform (CMP) business, many of which have been acquired by larger software firms (if not the cloud platform operators themselves).

Vega Cloud finds itself a latter-day startup in a rapidly maturing market, although it counts among its leadership and backers a fair amount of cloud expertise and experience. Despite its inauspicious exit from stealth in April 2020 as the initial wave of concern around COVID-19 demanded attention globally, Vega Cloud recently closed a seed round and is hiring sales staff to attract customers.

The 451 Take

Ultimately, practically every vendor in this market has a discretely unique take on how cloud management should be approached. Vega is no different – it places a focus on conforming workloads to best practices to simplify manageability – although concedes that not all workloads are necessarily born in that format. It's a crowded and rapidly maturing market, however, and Vega lacks a specific differentiator to stand apart. This is understandable given that it's still early for the firm, although it also stands to reason that a startup should approach a market with a clearly articulated idea of what it can do differently, or better, than existing players.

Business model

Following the [purchase of managed service provider 2nd Watch](#) by ST Telemedia in October 2019, founder Kris Bliesner turned attention to Liberty Lake Cloud, which exited stealth with the introduction of the Vega Cloud product in April 2020. The firm closed a \$2.3m seed round in September 2020, led by Kick Start with participation from Voyager Capital, Tapas Capital, Bighorn

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Ventures, Mind to Market, the Morning Star Foundation and angel investors local to the Spokane, Washington, metro area.

The company presently has 12 employees, with at least half being alumni of 2nd Watch. Primarily, the firm operates from Liberty Lake, Washington, with a sales presence in Houston. It counts a handful of customers, including banking firm Trovata. The business problem Vega is focused on is helping companies that (on top of their cloud service provider bill) are spending too much on licensing tools to manage, monitor and optimize cloud services. These tools, furthermore, require significant integration effort.

Technology

Vega is producing a cloud management platform – using its own set of best practices policies, and the APIs native to cloud AWS and Azure – that is intended to sit above the native management console, not replace it. The software is not implementing IP addresses or provisioning instances. Vega places some emphasis on well-architected workloads as the route to simplifying cloud asset management. The product is targeted at organizations requiring help with deploying workloads in a sensible and scalable fashion.

Per standard, the Vega Platform includes an optimization engine, with a preference for proffering recommendations over automatically carrying out optimizations. The experience seems intended to guide operations through deployment and management processes, providing visibility rather than abstracting or eliminating management tasks.

In a product demonstration, the experience can be more easily likened to power steering rather than training wheels. That said, it is still early on for the platform, which relies on manual resource tagging and grouping. Under the covers, Vega is using clustering technology from Washington-state neighbor and data storage company Qumulo.

The feature set is typical of CMPs, although extensive. The platform aims to scan for recommend best practices for performance, reliability, cost, auditability and security, with the security vulnerability scanner a white-labeled integration with an (unnamed) third-party security platform.

Vega additionally offers a resource-grouping functionality, allowing companies to set up a cloud without bringing in outside consultants or cloud-specific talent. Likewise, Vega offers a time-limiting functionality on instances, security group or workloads; the service takes a snapshot before terminating the cloud asset. Vega has filed patents for the cost optimization IP in its first products. Its pipeline has additional security management and resource optimization to be delivered in its platform.

Products

Vega offers two configurations for its cloud management products: the stand-alone SaaS-delivered Vega Platform, intended for IT teams, as well as Vega Complete, which integrates the Vega Platform with managed cloud infrastructure. The latter is intended for organizations relatively new to the cloud, or without the dedicated staff or institutional knowledge to manage cloud deployments. Vega also offers a remote desktop product, WorkRemote, hosted on AWS infrastructure.

Pricing

Interestingly, Vega Cloud eschews the traditional 'cloud tax' model of charging a flat percentage rate of overall cloud spend, in favor of a three-tiered approach for Vega Platform:

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- The Small tier (\$300/month) is targeted at firms relatively close to the start of a cloud journey, prioritizing risk reduction and cost savings. This is intended for firms with less than \$20,000 monthly cloud spend, with one to three accounts on a single cloud platform.
- The Medium tier (\$1,000/month) is for firms looking to improve cloud management practices, with monthly cloud spend up to \$100,000. It supports up to 10 cloud provider accounts across multiple cloud platforms.
- The Enterprise tier (\$2,500/month) is for firms with over 10 cloud provider accounts across multiple cloud platforms and over \$50,000 in monthly cloud spend.

In the interest of precision, this is described as 'pricing starts at,' which leaves open the door to different price points dependent on customer size/needs.

Competition

451 Research identifies three principal categories of commercialized CMPs, organized by the proximity of their relationship to the customers of the cloud platforms they service: first-party services, offered by the public cloud platforms themselves; second-party platforms, offered by physical and virtual (software) infrastructure vendors; and third-party platforms, the independent (vendor-/cloud-agnostic) products.

Among the third-party platforms, Vega Cloud is in competition with Apptio Cloudability and VMware CloudHealth, as well as Flexera, CloudCheckr, NetApp/Spot, Densify, Turbonomic/ParkMyCloud and Scalr, all of which it believes it can replace.

From a MSP-to-CMP transition standpoint, [ReactorWorks Matter](#) is the productization of the tooling and processes developed by Candid Partners as a self-service platform for migrating workloads to the cloud, and managing those workloads post-migration. Likewise, [nOps](#) was built as the SaaS productization of the tooling developed by nClouds.

We provide more information on this topic in our [Meditations on the Next Decade of Cloud Management Platforms](#) report.

SWOT Analysis

Strengths	Weaknesses
Given the founders' experience during their tenure at 2nd Watch in assisting customers with cloud transformation journeys, this can be parlayed into a customer-centric story for providing guidance to the cloud as a CMP.	It's still early for the company, with only one reference customer. Likewise, launching at the outset of a pandemic adds difficulty to the already challenging task of launching a startup generally.
Opportunities	Threats
Vega believes it can unlock additional spend at enterprises, targeting non-technical staff that require simplified operational tools to manage growing cloud spend, and don't want to hire expensive cloud consultants.	Relying on third-party integrations to deliver functionality could become messy if competitors buy those vendors and discontinue external integrations.

Source: 451 Research, LLC