Flash

arcserve Sets Out on Its Own

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IN THIS FLASH

This IDC Flash discusses CA Technologies' announcement of the divestiture of the CA arcserve data protection business to Marlin Equity Partners on July 7, 2014. The resulting company, Arcserve LLC, officially began operating as an independent business entity on August 1, 2014.

SITUATION OVERVIEW

In 1996, CA Technologies acquired Cheyenne Software, a midmarket data protection company whose solutions were targeted at the open systems market. As a company, CA Technologies has maintained its focus on large enterprise and, today, over 57% of its revenue comes from mainframe solutions. The arcserve business unit, in the meantime, had focused on the open systems midmarket and has been enjoying double-digit growth over the past several years. When the divestiture was announced, CA Technologies' Executive Vice President of Strategy and Corporate Development Jacob Lamm stated, "CA continues to sharpen its focus and actively manage its portfolio, divesting noncore assets and making investments in areas of core capability. This transaction also further refines our global partner strategy as we continue to build CA for growth."

While arcserve did leverage the internal infrastructure of CA Technologies to manage business operations, in the market there was limited synergy between their two businesses. While both companies have strong channel plays — arcserve is in fact 100% channel — there was minimal overlap between partners. While arcserve focused on the data protection requirements of midmarket companies with 2,500 or fewer employees, CA Technologies' marketing and sales efforts were aimed squarely at much larger, much more mainframe-centric enterprises in areas that did not include data protection. The infrastructure requirements in the two markets were very different and were diverging at an accelerating rate. The rapid buildout in the open systems space of the 3rd Platform of computing — an agile, very scalable platform targeted to meet the requirements of mobile computing, social media, and big data/analytics — heavily leverages virtual infrastructure, flash, and cloud technologies and contrasts strongly with the needs of mainframe customers.

The open systems data protection market is changing drastically, and even some of the market share leading incumbents are having difficulty navigating the transition. As innovations like disk-based data protection, virtual infrastructure, and cloud technologies took hold in the industry, many point product data protection solutions were introduced. These products generally were more efficient in capturing, storing, and recovering data across the new infrastructure than legacy products whose agent-based architectures were developed when all backup sources were physical servers and all backup targets were tape based, but they led to significant fragmentation. Many open systems enterprises had

between four and eight different backup products in use across their production environment. As storage management tasks, including data protection, began to migrate away from dedicated storage administrators and more to IT generalists, it was clear there was a need for a next-generation data protection platform that worked more efficiently with all three platforms – physical, virtual, *and* cloud – and offered better ease of use.

IDC believes that this platform will be a unified data protection platform that can combine different ways to capture, store, and recover data under a single management interface that leverages a common backup catalog. This new model can incorporate the most efficient ways to handle the burgeoning heterogeneity in the era of the 3rd Platform – physical, virtual, and cloud-based infrastructures; Windows, Unix, and Linux; disk and tape; structured, semistructured, and unstructured data; and different hypervisors, backup, and disaster recovery – under a single solution. Data protection economics are driving the industry toward consolidated solutions that handle the diversity of the 3rd Platform and leverage automation to provide ease of use that is very attractive for the IT generalists now managing much of the data protection strategy and infrastructure.

More forward-looking data protection vendors have realized this and are evolving their platforms toward this unified yet flexible approach. With the introduction of CA arcserve Unified Data Protection (UDP) on May 7, 2014, arcserve officially entered this game. The availability of its next-generation data protection platform – combined with an installed base of over 43,000 customers, 100 distribution partners, over 7,000 channel partners, and over 700 active managed service provider (MSP) partners – makes this a very opportune time for arcserve to break out on its own. Arcserve has a story to tell about the future of data protection that is very germane to the 3rd Platform direction of IT infrastructure, and the company can now focus more single mindedly on telling that message without the distraction of a parent company focused on other markets and needs.

FUTURE OUTLOOK

As an independent company, arcserve will have much more freedom to make business decisions that maximize its revenue opportunities in the midmarket. Given the differentiator Arcserve's channel management strategy has established relative to how many of the company's competitors manage the channel, IDC expects to see the company continue to follow a 100% channel fulfillment approach. CEO Mike Crest will likely make investments to leverage this channel strength, providing additional resources to make the channel partners even more effective in selling to the midmarket. As an independent entity, Arcserve now has more leeway to pursue certain markets and even more alliances and relationships that may not have been viable when it was a subsidiary of CA Technologies. Expect to see Vice President of Product Marketing Christophe Bertrand and Vice President of Worldwide Marketing Louise Lautin make the arcserve name much more visible in the industry, investing in brand awareness and building out a lead generation and tracking infrastructure that is specific to arcserve's needs.

The CA arcserve UDP platform brings together a mix of related data protection technologies – including incremental, snapshot-based data capture options, deduplication, encryption, replication, and failover – in an integrated backup and disaster recovery solution that supports significant heterogeneity and makes it easy to establish and execute a data protection strategy based around multitier recovery requirements. The most recent platform release in May 2014 included a number of features targeted

specifically at better supporting the cloud-oriented business models of MSPs. As such, Arcserve has already got a unified platform that can provide data protection for physical, virtual, and cloud environments, providing an attractive consolidation alternative for those midmarket customers with multiple different backup products in place today.

What does the divestiture mean for arcserve customers and partners? The management team promises a seamless transition for existing customers as well as future investment in development, support, and sales that will dramatically improve both the customer and partner experiences. The evolutionary strategy Arcserve is following with its next-generation platform preserves existing investments in arcserve solutions while allowing customers to take advantage of newer technologies and broader heterogeneous support. And the focus on leveraging automation and more intuitive GUI designs meshes well with the migration of data protection responsibilities to IT generalists, a trend IDC sees accelerating in the future.

The success of arcserve offerings in the midmarket (in particular, over the past several years) has been primarily driven by the ability to stay laser focused on delivering a simple solution to complex problems. As Arcserve, there will be fewer distractions at the corporate level, and maintaining this level of focus should be a bit easier. Arcserve will now have all its wood behind one arrow, so to speak, and the company is continuing to aim that arrow at the midmarket.

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