

# A LOOK AT THE DECEMBER 2011 MEETING

## Cloud Opportunities

by

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*Keynote speaker Peter Manca '84*



*Case presenter Sanjay Mazumder*

As computing has evolved from the mainframe, cloud computing is on track to be the biggest inflection point to date. Explaining the impact of cloud computing and the opportunities it presents to the WPI Venture Forum at its December 2011 meeting, Peter Manca '84, Chairman, President and CEO of Egenera, noted that “cloud computing is a new delivery model for IT services, transferring control from IT to the end user.” Analogous to consumers purchasing their electricity from the grid, businesses can access IT infrastructure, software and data through the cloud, no longer needing to host and maintain these resources internally.

Manca explained how this shift in control lowers capital and operating costs, improves the end user experience and helps organizations drive overall performance. Components of a cloud, where “aaS” or “as-a-service” has become prevalent in IT vernacular, include everything from the basics of web-based services and SaaS (Software-as-a-Service), to application components,

platform (PaaS), and virtual and physical infrastructure.

Cloud computing is having a huge impact on business. Manca cited the 80/20 rule where 80 percent of business applications are cloud candidates and 20 percent are proprietary or developed internally. Customers are pushing back on IT staff to be more responsive. The cloud enables them to do it themselves, he said, as “anyone with a credit card and a network can have a server.”

In addition to affecting business, cloud computing is influencing technology and providing opportunities for new technology businesses along the way. Server technology, for example, is moving to scale out, stateless and inexpensive models. More and more software is being developed as-a-service and sold on a subscription basis. This is also having an impact on the traditional sales model, moving direct sales and traditional channels to the internet as the primary sales channel. Since applications can now be accessed anywhere on almost any device, security issues become a challenge, as well as

an opportunity for new cloud-related security businesses.

For entrepreneurs, the cloud is a perfect tool for starting a company. With less capital required, there is no need for a highly sophisticated IT staff and scaling up or down is simplified. According to Manca, every function of the enterprise data center is moving to the cloud. Overall, this migration to the cloud provides a huge opportunity for both entrepreneurs and investors.

Another source of opportunities will spring from the physical infrastructure that needs to accommodate the cloud model's demands. As an example, servers are becoming stateless commodities to support virtualization environments and virtualized desktops. The greatest innovation is happening in networks, Manca said, as they become flatter and scale larger. As a result of the migration to managing both physical and virtual components and to managing as a service, systems management is another area of opportunity for innovation and improvement.

# on the Rise



*Attendees at the December meeting take full advantage of the networking break.*

The cloud also presents challenges and issues, Manca cautioned. From a technical perspective, security, latency, reliability, recoverability and large data transfers present problems. As the IT manager faces loss of control and loss of jobs, there are emotional challenges to address — likely a much harder problem to solve than the technical issues.

The cloud has evolved into an IT revolution where we are seeing the biggest shift in IT history, Manca said. It is unique in that it is not technology that is creating the shift, but rather the use model. “A fundamental shift in how IT resources are purchased, deployed, and managed” is underway. By 2013, Gartner estimates worldwide revenue from cloud services will approach \$129 billion. While the emotional issues may be more difficult, Manca is confident that the technology issues will be resolved. It is an exciting time for technology, innovators and entrepreneurs. The cloud is here and growing rapidly, and as Manca concluded, “be prepared, get on board, and start running!”

## ***Case Presentation:***

### **RiverMeadow Networks**

As a natural follow up to the evening’s keynote presentation, meeting moderator and ProSpeed.net/Sustaincor Energy and Water Solutions president ARM Azad PhD, MBA ’92 found an excellent example of a company positioned to profit from the new trends: RiverMeadow Networks. CEO and Founder Sanjay Mazumder presented his company’s business and the rationale behind its new tagline, “Actualizing Clouds.” The company has developed a virtual appliance, Shaman, which enables a fast, seamless and reliable migration of data and applications from physical, virtual or cloud environments to virtual or cloud environments. This migration is typically risky, time-consuming and prone to manual errors. The Shaman appliance collects, converts, and deploys into the cloud in a simple, streamlined process.

Customers enjoy the benefit of virtualization, reduced hardware, maintenance and management costs along with increased relia-

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*Area students find WPI Venture Forum meetings a valuable source of learning.*

bility, redundancy and agility for handling peak and project demands. The advantages of Shaman are significant. It is platform-agnostic, so that one solution works for all migrations to the virtual space, and it migrates up to 40 times faster than the competition.

The company has an experienced executive team with VP-level leadership in engineering, operations, sales and marketing. Mazumder showcased their Korea Telecom case study to demonstrate RiverMeadow Network's claims of speed and efficiency. The company has revenues today, projected to reach \$20

million by 2015. The business model includes direct sales, accounting for 50 percent of their business. International and government sales will go through channel partners, and system integrator and service provider relationships will add to the bottom line with revenue sharing. In conclusion, Mazumder suggested that RiverMeadow's most likely exit is through acquisition within two to three years — with IBM, CA, BMC or Oracle as potential acquirers.

Following the presentation, a panel of industry experts had an open discussion with Mazumder. Panelists included keynote speaker Pete Manca; John Holland, Vice President of Sales, Access Northeast; Jim O'Neil, Developer Evangelist, Microsoft; and Graham Brooks, Principal, 406 Ventures. Their comments focused on the sales model with suggestions to shift the focus to selling and delivering product over the Web, and to sell to the CFO, who is ultimately going to pay for the service and is a more reachable target than the VP of delivery.

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