REPORT REPRINT

ElasticBox stretches usability to narrow gap between IT and development

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As the company focuses on DevOps and ITaaS, the release of ElasticBox 3.5 aims to put more control in the IT department's hands and to reduce errors along the way to shorter application lifecycles.

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As more companies become aware of the overall benefit of incorporating DevOps approaches into their systems and cultures, cloud application management providers such as ElasticBox are gearing up to provide tools for enterprises to help manage this shift in how they function. In November the company released the newest version of its product, ElasticBox 3.5, which includes more user capabilities to further optimize the self-service experience and to narrow the operational gap between IT and development teams. This new release aims to put more control in the IT department's hands and to reduce errors along the way to shorter application lifecycles.

THE 451 TAKE

ElasticBox has proceeded rapidly since our last update in 2014. It has put out nine releases – from small ones to impressively large – and has made a number of executive transitions, as well. We like its rapid release policy, which takes advantage of its 'as a service' delivery model to keep customers on the latest and greatest. Executive transitions and downsizing have tilted the company toward execution, and it's now discussing customer numbers – it even has a good-sized set of public references, which is critical to startups aiming to grow enterprise traction, such as ElasticBox. If the company can maintain that technical pace and execution while migrating engineering to Madrid, it may have a promising future.

CONTEXT

ElasticBox has seen significant restructuring in management over the past year with the addition of a new CEO, Carol Carpenter (previously CMO at ClearSlide); a new head of product marketing, Brannan Matherson (previously at Microsoft); and a new VP of sales, Michael Jones. The three were brought on to shift the company's focus to its go-to-market strategy, and are looking to build out the marketing and sales teams in the coming year. ElasticBox has 25 customers after adding Agilent Technologies and Brainshark to its list (which already includes heavy-hitters Netflix and Splunk), and aims to focus on large corporations whose own priorities fall on optimizing IT operations for enterprise-scale application management.

Employee headcount dropped from 45 to 25 over the last year, with the company saying it allowed for natural attrition to occur and opted not to replace its Bay Area-based engineers. ElasticBox opened a global development center in Madrid in 2014 to grow its team of engineers outside of the US, and hopes to utilize Spain's pool of underemployed, yet highly trained, talent to do so. The San Francisco hiring environment continues to be a challenge for startups looking to compete with the larger, more alluring companies that have the resources to obtain the best of the best. Spain's weak economy offers the opportunity to employ engineers – most of whom hold advanced degrees – for a fraction of the cost of a new hire in San Francisco.

The company's last funding round finalized in April 2014 for a series A of $9m, led by Intel and Nexus, bringing total funding to roughly $13m. With the end of 2015 nearing, it wouldn't surprise us to see ElasticBox pick up a series B early in 2016.

PRODUCTS

ElasticBox provides separate instances (dubbed 'boxes,' although their purposes vary greatly) as a service; these are situated on any virtual infrastructure to automate an application's installation. Thinking of boxes more as Lego bricks that constitute how an overall application runs may be more apt than the natural-sounding comparison to VMs. Box types include:

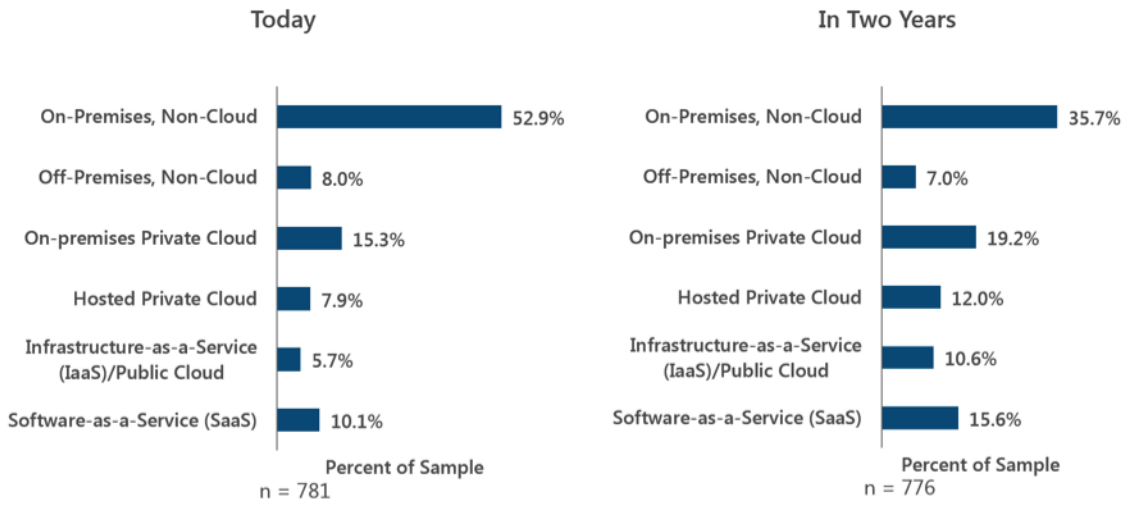
- Scripts, which define a deployment in bash, PowerShell, Salt, Ansible, Chef or Puppet.
- Deployment policies, which provide restricted access to cloud-provider resources.
- Application boxes, which execute an app.
- AWS CloudFormation boxes, which enable use of the ElasticBox capabilities in combination with CloudFormation.
- Docker container boxes, which let users consume Dockerfiles directly with boxes and enable construction of multi-tiered apps, including boxes and Docker containers.

The product itself is a hosted service on ElasticBox's own infrastructure. Most application stacks are built with numerous boxes that each act as a step in the installation process (Web server, runtime requirements, source control repository, etc.), and by dividing an application into boxes, each instance acts independently and is reusable within the same application, or can be utilized by another. These boxes can also be modified independently of one another, allowing for an easier development and deployment process.

ElasticBox authorizes users to access their own workspace, as well as any other team workspaces, through a Web interface or an API. Workspaces allow for collaboration between anyone on the development or IT operations teams, and track changes by linking any activity to the specific user. We see this shareable nature growing in importance as more organizations look to migrate to DevOps approaches and the collaboration and automation inherent to them. Users have access to ElasticBox's growing catalog of application and infrastructure components (Puppet, Chef, WordPress, Jenkins, Docker, etc.) to build on their own customized application stacks; 27 applications are currently available publicly. ElasticBox managed applications are deployed on any private or public cloud, including those from Amazon, Microsoft, Google, VMware and OpenStack. Cloud infrastructure offers the flexibility of resource provisioning, which ElasticBox uses to provide customers with shorter application lifecycles; with its product, deployments can happen within minutes instead of the traditional timeline of weeks or months. While this is what one might expect for automation in general, once the infrastructure is automated, we see significant value in a public, quality-checked set of popular services and applications.

ElasticBox released the newest version (3.5) of its cloud application deployment service in November, providing a new approach to how IT professionals manage deployment process standardization and cloud environment provisioning. With ElasticBox 3.5, rather than clicking into an application residing in the service catalog and writing code to modify the application as a whole, any authorized user can adjust existing bindings (connections from a deployed box to other instances) between an application's components, view the status of different layers within the application, and edit variables of the components themselves. The new interactive visualization pane aims to deliver an easy-to-grasp understanding of the application itself to further narrow the gap between IT and development teams. ElasticBox 3.5 is also designed to enable the development of a multi-tiered application within a single box, providing easier movement between workspaces and users. Multi-tiered applications are already quite common, and as microservices continue to grow in popularity, we expect to see the capability to seamlessly handle them become more desirable.

ElasticBox's hope is that this new version will continue to reduce deployment and update errors, which in turn will speed up deployment frequency and increase availability across a hybrid cloud infrastructure. Results from the 451 Research Voice of the Enterprise (VotE) survey on cloud computing in Q2 2015 show that many senior IT professionals believe there will be a dramatic shift in infrastructure toward the cloud over the next two years, with 30% of the IT footprint in traditional environments moving to mixed combinations of public and private cloud. ElasticBox expects to entice new customers with the option to entirely manage application deployment between both public and private clouds from one service catalog.



ElasticBox operates on an enterprise subscription model – roughly $500 per month per user for an annual agreement for use of their SaaS or virtual appliance options. They offer a free Cloud Edition which is available to users that are looking to try out their functionality of the application deployment process. This version has limited feature functionality such as only allowing one of three public cloud providers (AWS, Google and Azure) and a maximum of five instances that can be deployed.

ElasticBox has gained traction with larger enterprises that are beginning to recognize the benefits of creating a more collaborative environment between development and IT departments. Increasingly more companies are requiring scalability, security and service integration for application deployment, which is increasingly difficult to manage when operating on a hybrid cloud infrastructure. ElasticBox is targeting these needs in heterogeneous environments, with ease of infrastructure and application provisioning accessed through the interactive self-service portal. These same companies are also focused on ensuring that all application development is compliant with IT operations, and by allowing the two to work in tandem, processes are streamlined, which permits continuous deployment and fewer errors. ElasticBox says some of its customers have seen 30x more frequent deployments, 40% less app lifecycle time with the platform manager, 10x faster provisioning environments with the service catalog and a 33% increase in accelerating development ramp. In addition, customers cite $1.7m in savings through the automation that ElasticBox offers. One customer, DeNA, says it now delivers apps in six minutes rather than its previous three-week timeline.

The demand for enterprise apps (e.g., Microsoft SharePoint) has increased, and ElasticBox is planning on building out the selection of preconfigured enterprise apps over the next year. The company will also focus on creating and updating networking boxes (e.g., load balancers, infrastructure providers, etc.) over the next quarter.

COMPETITION

The automated or continuous deployment space has garnered quite a bit of attention over the past couple of years, and as such, more heavy-hitters have thrown their own hats into the ring, including IBM (with the acquisition of UrbanCode in 2013), HP Enterprise Codar and AWS CodeDeploy. ElasticBox's main differentiator, which may prove fruitful as the market continues to saturate, is its focus on spanning multiple cloud infrastructures in very different environments without loss of security. One thing is clear – the cloud providers themselves very rarely provide offerings that support their competitors, so this will continue to rely largely on third-party vendors like ElasticBox.

We continue to see continuous-integration and continuous-delivery providers in the DevOps space as potential competition with ElasticBox, including Chef (Delivery), Puppet Labs, CA (Release Automation), 2nd Watch, Red Hat (Ansible), Automic, BMC, BitRock, XebiaLabs, Solano CI and Circle CI. As the company focuses its strategy toward cloud management and deployment, it considers these previously mentioned providers less as direct competition. ElasticBox sees CliQr, RightScale and CloudBolt as the biggest competition when deals are on the table, but there are other cloud management and orchestration providers to consider: CSC, Dell, Scalr, Verizon and VMware, for example.

SWOT ANALYSIS

STRENGTHS
ElasticBox has maintained a rapid, feature-filled release clip over the past year while shifting its focus toward execution.

WEAKNESSES
As it shifts engineering out of the Bay Area, it may have difficulty keeping in touch with emerging tech trends.

OPPORTUNITIES
Capitalizing on hybrid needs in terms of best execution venues and rebalancing across resources is not a part of its messaging today, but the product has that capability, so the company could do so.

THREATS
A constant threat for companies in ElasticBox's position is running out of cash before it can gain enough enterprise traction to prove a scalable model. The company will constantly need to reprove its market and growth to its investors and potential investors until it reaches critical mass.