

Iron Mountain Becomes Third Provider to Exit Public Cloud Storage Market

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Iron Mountain is the third vendor to drop out of the public cloud storage market to concentrate on other technology areas. In 2009, Gartner predicted that less than one-third of cloud investments would reach ROI by 2011.

NEWS ANALYSIS

Event

On 8 April 2011, Iron Mountain confirmed that it is sunsetting its public cloud storage business. The company said that the official end date for the service would be "no sooner than 1H13," but said it stopped accepting any new customers as of 1 April 2011. Iron Mountain says it will continue to offer services to its current cloud storage customers, help them migrate to another provider or return the data.

Virtual File Store customers that stay with Iron Mountain will be transferred to a higher-value offering, File System Archiving (FSA) in 2012. The new offering will be a hybrid that leverages policy-based archiving on site and in the cloud with indexing and classification capabilities.

Archive Service Platform customers have no migration path and are being terminated or moved to an alternative service provider.

Analysis

Iron Mountain's announcement that it will end its two-year run as a public cloud storage service makes it the third public cloud infrastructure as a service (IaaS) provider to abandon the market over the past 12 months. The others are:

- Startup Vaultscape, which launched its service in 2009, closed its doors in 2010.
- EMC announced Atmos Online in 2009 and took it offline a year later, citing conflicts with service providers that were also potential Atmos customers.

To date, public cloud storage IaaS has had a modest level of adoption. Not incidentally, all three service providers' go-to-market strategies focused purely on cloud storage unaccompanied by any cloud compute services. Now, only Nirvanix and Zetta remain as pure-play public cloud providers of network attached storage. In 2009 Gartner predicted that less than one-third of cloud investments would reach ROI by 2011 (see "Predicts 2009: Cloud Computing Beckons"). When announcing Iron Mountain's exit from this market segment, Digital Services Executive Vice President David Jones acknowledged that part of the motivation included profitability pressures.

Iron Mountain announced its Virtual File Store cloud-based file service on 22 February 2009, and later augmented it with the Archive Service Platform, which enabled software vendors to integrate the Iron Mountain API to leverage the company's cloud back end. Given the migration path and new offering that Iron Mountain is extending to Virtual File Store customers that choose to stay with Iron Mountain, these customers will derive significant added value from FSA's ability to search and retrieve data.

RECOMMENDATIONS

Current Iron Mountain cloud storage customers:

- Accept Iron Mountain's offer to assist with migrating to alternative providers. No incremental costs should be associated with these services.
- Negotiate with new cloud storage service providers to waive ingestion charges or negotiate with Iron Mountain to pay them.
- Investigate the new FSA offering and see if it offers value for your company.

Cloud-based storage service providers exiting this market:

- To retain existing customers, provide a transfer option that is of equal value or adds more value to the existing offering.

RECOMMENDED READING

Some documents may not be available as part of your current Gartner subscription.

- "Cloud Storage Infrastructure-as-a-Service Providers, North America"— Cloud storage IaaS provides a low-cost alternative to on-site storage, but users must understand that it can introduce latency, security and vendor viability issues. **By Adam Couture and Stanley Zaffos**
- "Behind the Cloud: The Rise of Industrialized, Low-Cost IT Services"— Further transformation of the IT services industry by the advent of industrialized, low-cost business models will bring challenges and opportunities. **By Claudio Da Rold and Frank Ridder**

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