



## VENDOR PROFILE

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### Intronis Enables MSPs to Offer Cloud Backup Services

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Laura DuBois

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#### IDC OPINION

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Small and midsize businesses (SMBs), which IDC defines as firms with fewer than 1,000 employees, are very attracted to the notion of outsourcing their backups. IDC finds:

- ☒ Drivers for this have included constrained capital budgets, limited to nonexistent dedicated IT resources, and the need for secure and reliable offsite backups for disaster recovery. Although backup environments in firms of any size are fraught with problems, SMBs often lack the specialized storage and backup administrators to troubleshoot failures and manage tape media and devices.
  
- ☒ While service providers have offered remote backup services for over a decade, the more recent acceptance of cloud computing in concert with modern backup architectures that offer storage efficiency and reduced use of network bandwidth has fueled a resurgence in what is now called "cloud-based backup services." Increasingly, service providers must respond to customer demand for more efficient and effective backup services that incorporate "enterprise class" functionality as well as a remote disaster recovery strategy.

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#### IN THIS VENDOR PROFILE

This IDC Vendor Profile analyzes Intronis, a privately held technology company focused on enabling MSPs and other service providers to offer cloud backup services.

Intronis, founded in 2003, has a differentiated product architecture and service model that enable service providers to offer cloud-based backup services to SMB customers. Today, a plethora of managed service providers (MSPs) and resellers want to offer cloud storage and backup services, and because of this, Intronis has realized a steady 40% revenue growth year over year for the past few years. Intronis is increasing not only its customer base but, as customer capacity grows, also its revenue. Backup and disaster recovery is a perfect mechanism for businesses to evaluate the effectiveness of a cloud offering. With this success, IDC expects to see cloud backup service providers continue to expand their cloud offerings to offer a broader range of services, including recovery in the cloud capabilities.

## SITUATION OVERVIEW

The public cloud backup services market is fragmented, with thousands of service providers offering data protection capabilities targeted at different market segments. While there are over 10,000 service providers offering public cloud backup services, only two handfuls of technology providers worldwide develop and license or resell technology that powers these public cloud backup service offerings. Intronis is one of these companies.

In the era of cloud, increasingly everyone is a service provider. VARs, telecommunications providers, hosting companies, and Web 2.0 companies are all seeking to become a service provider in some way. Even internal IT organizations are becoming service providers to departments within their company. This focus on offering IT as a service is a natural driver to the adoption of public cloud backup services as well as software that can be deployed in private cloud or virtual private cloud configurations. For new service providers, public cloud backup services is a natural entry point because of market demand and lower barriers to entry compared with other public cloud offerings (i.e., IaaS compute clouds or SaaS). For existing service providers (hosters, MSPs), backup services are an incremental mechanism to offer value to current customers. Today, there are four predominant types of service providers offering public cloud backup services:

- ☒ **VAR resell only.** VARs and resellers may offer public cloud backup services and take an online backup deal on their paper, managing the account and billing it regularly, but these companies are effectively reselling the service. In this case, the VAR or reseller has not yet invested in standing up its own infrastructure or datacenter. For new entrants to the public cloud services space, this level of market involvement allows for participation in a recurring revenue business model without capital investment.
- ☒ **Service providers and hosting companies.** In this model, traditional hosting companies, systems integrators, outsourcers, and/or MSPs have existing datacenter space, infrastructure, and people. This segment seeks to leverage the technology provider's software to offer its own service. It has experience in running datacenters and offering services and is more committed to a cloud service business model. In this scenario, the technology provider may OEM its software to the service provider to take a percentage of the public cloud service business.
- ☒ **Telcos.** Across the globe, telecommunications companies are trying to offer public cloud services. This segment of service providers typically has material access to customers and market segments and has existing and established billing procedures developed. Some telcos already have business practices, while other telcos are more focused on the consumer market, thus influencing service offerings and technology partnerships. This segment wants to offer its own services, typically removing all association with the technology provider by white labeling or branding the service under the telco's brand name.
- ☒ **Regional IT consultants.** The last market segment the technology providers are enabling is the regional IT consultants. With this partnership, smaller regional IT

consulting firms with fewer than 50 employees are typically acting as external IT personnel for another SMB firm. These SMBs need both protection and disaster recovery, and the ability for regional IT consultants to offer public cloud backup services is an obvious extension to their existing services.

While there are a plethora of service providers today, they are often serving different geographic locations and market segments, with differing levels of customer reach. Also of note, because of the demand for cloud backup services of different types, some traditional on-premise backup solutions such as IBM TSM/FastBack, Symantec NetBackup, CommVault Simpana, and EMC Avamar are being updated with features to enable service providers to use these offerings for hosted backup services, replicated backup services, and remote backup services.

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## **Company Overview**

Intronis was founded in 2003 with the explicit purpose of arming managed service providers with a modern backup software architecture they could use to offer cloud-based backup services. Intronis sells exclusively through the channel to both resellers and MSPs, which then offer Intronis-powered backup services to SMBs. Intronis has over 2,600 partners worldwide and 26,000 end-user firms using its technology today. As a testament to the reliability and quality of the offering, as well as the ease of doing business with Intronis, the company enjoys a 90% or greater retention rate among its service providers.

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## **Company Strategy**

Rather than address the entire backup and recovery market, Intronis has taken a niche and differentiated strategy, serving exclusively the SMB customer segment with enterprise-grade cloud-based backup services. The Intronis offering is differentiated from market alternatives because of some of its product features as well as the service and support model. Intronis' points of product and service differentiation are included further in this document.

From a go-to-market (GTM) perspective, Intronis is 100% channel focused, leveraging its 2,600 resellers and MSPs to drive customer adoption. Intronis MSPs rebrand the Intronis service under their own unique brand, although their customer data is sent to two Intronis datacenters in Boston and Los Angeles. This allows the MSP to offer the service under its own identity, bill the customer directly, manage customer backups, and initiate restores and also mitigates the need for the MSP to stand up its own infrastructure in its own datacenter.

Intronis has three profiles of MSPs: small, large, and master. A small MSP will have 1–5 people employed, while a large MSP will have 100 employees and have reached multimillion dollars in revenue annually. A master MSP will sell to other MSPs. While MSPs will rebrand the Intronis offering, resellers will strictly resell the Intronis service as Intronis Cloud Backup and Recovery. Intronis' network of resellers and MSPs is selling to SMBs such as local retail, services, and healthcare provider organizations.

Additionally, Intronis has technology/integration partners including Level Platforms, Kaseya, and N-able Technologies. To allow greater flexibility in monitoring backup

statuses, notifications, and other events, Intronis integrated remote monitoring and management (RMM) through Level Platforms, Kaseya, and N-able Technologies. And in the past year, Intronis developed and adopted a new partner onboarding system and introduced several technology developments including a new mobile app, advanced integration with professional services automation (PSA) leaders Autotask and ConnectWise, and support for VMware vSphere environments via system image-based backups. To further enhance the Intronis partner experience, the company recently made a number of key functionality improvements to its partner portal to improve reporting and reduce the amount of time required to manage backups. Intronis also offers many innovative business-building marketing resources to help MSPs effectively market and sell cloud-based data protection services as part of their managed services offerings.

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## **Intronis Cloud Backup and Recovery**

The Intronis Cloud Backup and Recovery service is priced on a capacity basis with volume discounting. The company lets its partners choose how they bill their customers, and there are no additional bandwidth charges. For large initial backups, Intronis offers a seeding device to partners for a first backup to occur to a locally attached device, which is then shipped to the datacenter for seeding the customer's backup. According to Intronis, 30% of its customers elect to use the local device. Conversely, for large restores, Intronis can overnight disks to the customer, a reseller, or an MSP.

Intronis announced general availability of the fall release in November 2012. The new release supports virtual machines (VMs) and cloud-based infrastructure, enabling channel partners to streamline the overall management of online backups for multiple virtual machines across several servers to the cloud, as well as on-premise locations, and establish profitable, recurring revenue streams. Features of this release include:

- ☒ **Image-level backup and recovery.** Intronis was originally focused on file and application backup; however, with more workloads becoming virtualized, there was a need to protect data at both the file and the image levels. Support for backups at the image level, which protects everything from the operating system and applications to the data, allows Intronis to expand beyond cloud-based backup to cloud-based disaster recovery and business continuity over time. Intronis now supports backing up VMware using the VMware backup API. A single agent can be deployed to backup multiple VMs and hosts using a combination of the Intronis Intelliblox technology and VMware Changed Block Tracking (CBT) feature. This combination allows for tracking changes to blocks and only backing up changed or new blocks of data. VMware backup and recovery can be configured and/or initiated from the Intronis Partner Portal.
- ☒ **New management portal.** The Intronis management portal has been rewritten with a new GUI that offers clients new reports and backup status information.
- ☒ **Performance improvements for many small file environments.** The issue many backup processes have is offering optimal performance for environments that have millions of small sub-1,000 files. Using the backup agent to crawl a file system tree to navigate to files that have changed can drain performance.

Intronis has improved the performance of the agent scan to locate files that have changed since the last backup by creating a master file that identifies and catalogs which files have changed since the last backup. With a file system backup, Intronis does not need to navigate the entire directory structure to find files that have changed. Instead, Intronis can go directly to the master file for the location of these files and back them up.

- ☒ **Additional functionality exposed in the partner portal.** The Intronis Partner Portal has been updated to support the configuration of CDP-based backups rather than requiring a service provider log-in to a customer's client to configure a CDP backup. Additionally, service providers can now do recoverability testing for their customers' backups. Service providers can leverage a read-only install of the Intronis backup software and do an out-of-place restore of their clients' data to verify recovery. Last, from the partner portal, service providers can now initiate restores on behalf of their clients.

Other features that distinguish the Intronis Cloud Backup and Recovery service from market alternatives are functionality and the service engagement model. Differentiation is critical to driving demand for the Intronis offering from a growing number of service providers. Intronis' service functionality is differentiated by the following:

- ☒ **Large file backup.** The large file backup feature keeps track of change blocks within a large database file (i.e., Exchange, SQL) and uses CBT to back up only the changed blocks within the large file rather than back up the entire file again. This results in speeding up recovery and minimizing the amount of data traffic sent of the network to the customer's site.
- ☒ **Mobile application.** MSPs can use the mobile device application to monitor their customers' backups.
- ☒ **Local encryption and deduplication.** Intronis supports both local client-side encryption and deduplication, ensuring that data is not sent over the wire or stored in a nonencrypted state. Additionally, Intronis offers several key management options to balance ease of use and security requirements for different customers.
- ☒ **Versioning.** With Intronis, a number of versions of the same file (by default, it stores 30 days of each file) can be retained. For certain files or databases that are updated every day, a firm can go back to a previous version if needed. This is useful for logical corruption scenarios. Additionally, individuals that accidentally delete information in a file or overwrite a file by mistake can get their data back.

From a service perspective, the Intronis U.S. support team manages specific SLAs, including a 30-second-or-less hold time on service calls. Intronis strives to achieve resolution on the first support call. To do this, Intronis leverages a team-based approach whereby levels 1, 2, and 3 support personnel collaborate in real time to triage and solve the problem. For partners, Intronis assigns each with a success coach for 60 days to ensure the MSP uses proven best practices. Following the 60-day window, the MSP receives a dedicated account manager for life. These techniques have allowed Intronis to measure its Net Promoter Scores consistently at 78 or higher.

## FUTURE OUTLOOK

While the North American market is more established, there are emerging opportunities for public cloud backup services in Latin America, EMEA, and Asia/Pacific. Over the next five years, the market will consolidate as some service providers succeed and others exit. Service providers best positioned for success are ones that demonstrate both service differentiation and a sound financial model.

Additionally, to stay competitive, technology and service providers alike must look to market adjacent opportunities. Some service providers may seek to leverage wholesale cloud storage from Amazon S3 or others to enable a service offering without bearing datacenter or infrastructure costs. Service providers may also continue to focus on the more profitable server backup over exclusively PC backup, as PC backup tends to be charged on a flat rate per PC, while server backup services can be charged on a per-GB basis, driving incrementally larger service streams. Additionally, it is imperative for the technology providers to look at affinity with adjacent markets that are starting to develop. Examples include recovery in the cloud and file sharing/file storage/file synchronization in the cloud.

## ESSENTIAL GUIDANCE

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### Advice for Intronis

The future looks bright for Intronis. The company has found a successful niche in the market, where SMBs need new and improved enterprise-grade offerings, made available to Intronis by its trusted resellers and MSPs.

Technology and service providers need to focus on the opportunity that exists in markets adjacent to public cloud backup. The focus should be directed toward market adjacencies where incremental functions such as recovery to or in the cloud, file cloud storage, and collaboration should be considered. Suppliers like Intronis need to support the shift in the market demand from "should do" functions such as backup to "want to do" or "need to do" functions such as file sharing and business continuity.

## LEARN MORE

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### Related Research

- ☒ *Worldwide IT Infrastructure Hardware for Public and Private Cloud 2011–2015 Forecast: Convergence and Self-Built Solutions Drive Expansion* (IDC #231559, December 2011)
- ☒ *Worldwide Enterprise Storage Systems 2011–2015 Forecast Update* (IDC #231051, November 2011)
- ☒ *Worldwide Archival Storage Solutions 2011–2015 Forecast: Archiving Needs Thrive in an Information-Thirsty World* (IDC #230762, October 2011)

- ☒ *Technology Assessment: Key Technology Suppliers Powering a Multibillion-Dollar Public Cloud Backup Services Market* (IDC #230328, September 2011)
- ☒ *Worldwide Enterprise Storage for Public and Private Cloud 2011–2015 Forecast: Enabling Public Cloud Service Providers and Private Clouds* (IDC #230283, September 2011)
- ☒ *IT Cloud Decision Economics: 10 Best Practices for Public IT Cloud Service Selection and Management* (IDC #229207, July 2011)
- ☒ *Cloud Storage Gateways: Bridging On-Premises and Cloud Storage Environments* (IDC #229499, July 2011)
- ☒ *Worldwide Storage Software 2011–2015 Forecast and 2010 Vendor Shares: Virtualization, Efficiency, and Cloud Adoption Drive Continued Spending* (IDC #228751, June 2011)
- ☒ *Worldwide and Regional Public IT Cloud Services 2011–2015 Forecast* (IDC #228485, June 2011)
- ☒ *Worldwide Storage Services 2011–2015 Forecast* (IDC #228312, May 2011)
- ☒ *Enterprise Firms Focus on Private Cloud with Preference for Commercial Unified Storage Architectures* (IDC #228293, May 2011)
- ☒ *IDC's Worldwide Storage and the Cloud Taxonomy, 2011* (IDC #228309, May 2011)
- ☒ *Worldwide Storage in the Cloud 2010–2014 Forecast: Growth in Public Cloud Storage Services Continues as Firms Decapitalize IT* (IDC #223396, June 2010)

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