

## REPORT REPRINT

# With CDP Private Cloud technical preview, Cloudera sees promise in APAC

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With the release of this technical preview version of the platform, Cloudera hopes to cement its position as the enterprise data cloud company. In Asia-Pacific, it has acquired a number of new logos, including a major deal with LINE, the leading OTT messaging provider in Japan, and is maintaining its growth momentum in banking and finance, and the public sectors.

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### Introduction

Cloudera recently unveiled its technical preview version of Cloudera Data Platform (CDP) Private Cloud for hybrid cloud deployments. Under its strategic partnership with IBM Red Hat, the company says CDP Private Cloud is running exclusively on Red Hat OpenShift to drive openness and agility, which has been the strategic direction for the company since the merger with Hortonworks.

As Cloudera continues to push further into the business of hybrid and multi-cloud offerings, its efforts appear to have paid off. As shown in the company's first quarter of FY 2021 ended April 30, 2020, revenue stood at \$210.5m, up 12% YoY, and was ahead of expectations of \$202-207m. In Asia-Pacific, the company says it has acquired a number of new logos across the board, including a major deal with the leading OTT messaging provider LINE in Japan, and maintains its growth momentum in banking and finance and the public sectors. If everything stays on track, CDP Private Cloud is slated to be generally available in August.

### 451 TAKE

Cloudera seems to have made steady strides with its hybrid data strategy, as evidenced by its latest quarterly results. Growing demand for CDP Public Cloud offers proof that APAC enterprises are getting serious about extracting value out of the cloud by running business-critical workloads in it. Given the growing popularity of container technology in the region's enterprise market, the selection of Red Hat OpenShift as the exclusive container platform for CDP Private Cloud is well thought out, but there is a catch – customers will need to meet basic hardware requirements and purchase Red Hat OpenShift separately. Despite its customer-centric approach to platform deployment and management, the company may want to deliver a frictionless user experience by providing the OEM option for CDP Private Cloud sooner rather than later. All in all, Cloudera is being realistic about the chances of coming out on top by keeping enterprises free from lock-in.

### Context

In Asia-Pacific, Cloudera says, it has been able to build a resilient business amid the COVID-19 pandemic, with a high renewal rate and an expanding customer base. Although enterprise customers are becoming more mindful of their spending habits, in reality, data management is part of the mission-critical infrastructure that gets IT executives to think hard before backing down.

Besides software subscription, which has exhibited strong growth of more than 20%, the demand for CDP Public Cloud looks promising. The company attributes the positive market reception to the self-service nature of CDP Public Cloud, which is critical for local businesses to effectively transition to the work from home schedule with minimal efforts. Self-service is going to be a main theme that steers the company's strategy, by which every part of its business will be digitized, Cloudera notes.

The company does not disclose customer counts by region. But in Asia-Pacific, FSI continues to be a key segment for Cloudera. Accordingly, more than half of the 30 largest banks in Asia-Pacific (excluding state-owned banks in China) have already worked with the regional team for various levels of digital transformation projects. It has also gained good traction in the public sector, which seems to be faring much better than one might have expected during the pandemic. For the industry verticals that have suffered the most during the lockdowns (retail and manufacturing, for example), the company says these accounted for a small part of its business in the region.

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On the partnership front, the company relaunched the Cloudera Connect Partner Program last year to meet the current and future needs of partners. Aside from expanding tools and resources – such as new product competencies, new sales and pre-sales resources – it has invested further in supporting partners with a new end-to-end sales program called Cloudera Connect Market Builder, and providing funding for market development.

There is a revamped partner portal for deal registration, training and enablement materials. It has also expanded its technology certification program to certify partner products that integrate with CDP, and unveiled a new sales accreditation program to individuals in sales and technical sales roles that have completed the required training on CDP.

In Asia-Pacific, the company has a good number of strategic partners. In addition to its cloud partners, including AWS, Microsoft Azure, Google and IBM Red Hat, it also works hand-in-hand with global SIs such as Accenture, Dell, IBM, DXC, NTT Data, TCS and Wipro as part of its global partner network. With Dell, for example, the company has a number of joint sales opportunities for Dell Isilon customers running on the Cloudera platform.

It also has a growing network of regional and local partners that have the depth and breadth of industry knowledge and domain expertise. NEC in Asia-Pacific, NCS in Singapore, PT Mastersystem Infotama (MSI) and PT Mitra Integrasi Informatika (MII) in Indonesia are in this group. With openness in mind, Cloudera is eager to work with ISVs looking to add value on top of CDP. Some of its certified partners include Talend, Tableau, Informatica and Syncsort.

### Products

As discussed in our previous report, CDP is built on the notion that hybrid deployment is for now, and will be in the future, among enterprises. The company believes that having a single platform – that can be deployed on-premises, in the public cloud, and in hybrid configurations, and includes data storage and processing, and analytics capability – puts it on the right path to help enterprise customers modernize their data strategies at their own pace. This is being proven as the preferred model during unprecedented times, when companies are unlikely to take the risk of migrating to a new data platform.

Unveiled in September 2019, CDP Public Cloud provides data warehouse and machine-learning services as PaaS for business analysts and data scientists, respectively. Accordingly, it has extended SDX to ML models as part of its CDP ML public cloud service. With Data Hub (virtual private cluster), the company is targeting developers that are looking to build custom business applications with a unified open source distribution and tool kit in the cloud. At present, CDP Public Cloud is running on AWS and Microsoft Azure.

The company also struck a partnership with Google to run CDP on Google Cloud Platform (GCP), but the commercial offering won't be available until the end of this year. For now, customers can deploy CDP on GCP as IaaS. Demand for CDP Public Cloud in Asia-Pacific is encouraging, accounting for more than 25% of the customer base for CDP Public Cloud globally. Aside from making steady strides among companies in the finance and public sectors, the company is gaining ground in the telecommunications and manufacturing segments.

CDP Datacenter (for on-premises bare metal deployments) has been available since our last update. This provides a logical upgrade path for existing Cloudera Data Hub and Hortonworks Data Platform users. Upon GA, CDP Datacenter will come with a new data layer, Apache Hadoop Ozone, to address the limitations of HDFS, which has a limit of about 350 million files and 700 million file system objects.

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With Ozone and HDFS, CDP Datacenter is positioned as the de facto big-data file system. This is deemed valuable for companies that need to train models on thousands of user profiles with hundreds of data entries per user, particularly companies in the finance and banking sector. With that in mind, CDP Datacenter will be around for quite some time, as financial services companies are challenged to transform themselves in the midst of a data explosion.

CDP Private Cloud, which is currently under technical preview, replicates the abstracted data architecture of CDP Public Cloud, yet deploys on customers' premises with agility and cost-efficiency in mind. Running exclusively on Red Hat OpenShift, customers are able to achieve fast provisioning and scaling while managing their cluster nodes efficiently. And with Cloudera SDX, users are able to access a shared data lake that is secured and governed, the company notes.

There are use-case-optimized interfaces, which can be used by different business units to run with different use cases – data warehousing, IoT, data analytics, among others. With CDP Private Cloud, Cloudera hopes to cement its position as the enterprise data cloud company with a cloud-native data architecture that enables a seamless onboarding experience for the deployment of mission-critical applications, regardless of IT environment (from the datacenter to the edge and in the cloud). Cloudera says customers will need to meet basic hardware requirements and purchase Red Hat OpenShift separately at launch. The goal is to have an OEM version to provide a holistic service experience.

### Strategy

Cloudera reiterates that CDP is 100% open source, with no change in its source contribution model. Thus, all fixes and enhancements will contribute back to the upstream open source community, which is hosted and governed by the Apache Software Foundation. All product sources will be licensed with Open Source Initiative-approved licenses – either the Apache Software license or the Affero General Public License.

Under its new licensing policy, access to all product binaries and the source code made available from Cloudera will require a subscription agreement for enterprise support. To avoid vendor lock-in, the company says it is committed to building a thriving partner ecosystem with open APIs.

### Competition

Given that Cloudera has extended its platform capability and focused on delivering higher-value use cases such as machine learning, AI and advanced analytics, Cloudera believes that its new competition comes from the likes of IBM Watson and other data science platform vendors.

SAS, for example, is looking to exploit its expertise in machine learning and other data science realms with a cloud platform dubbed Viya. TIBCO is seeking to serve enterprise data science and analysis needs on-premises and in the cloud. When it comes to delivering data science and machine learning as a service, Google TensorFlow is gaining attention. H2O.ai is looking to make data science enterprise-ready using open source technology.

SWOT Analysis

**STRENGTHS**

The company's stronger-than-expected earnings and steady demand for CDP Public Cloud is a good sign of market reception in Asia-Pacific's fast-evolving cloud market. Having secured a foothold in the finance services and public sectors is no small feat, given their stringent requirements for data security and governance.

**WEAKNESSES**

While it's still early to comment on the usability of CDP Private Cloud in the enterprise market, the company may want to boost user experience by providing the OEM option sooner rather than later.

**OPPORTUNITIES**

Having a robust partner network is strategically important for providers to build a sustainable business in this part of the world, where indigenous knowledge and business relationship still matter.

**THREATS**

Being part of the cloud vendor ecosystem, Cloudera will be challenged by its public cloud partners looking to address enterprise requirements for retaining certain workloads on-premises with new service options and extended support.