Cloud Management Platform for Accelerated Application Development

About Scalr
The Scalr cloud management platform enables today's enterprise to manage and control accelerated application development across public, private and multi- cloud environments. Both as an enterprise grade, on-premise or a Saas solution, Scalr elegantly automates the deployment, monitoring and governance of cloud computing environments. Founded in 2007, leading global organizations have selected the Scalr platform, including Samsung, Nokia, Expedia and the Walt Disney Company. For more information see http://www.scalr.com.

Interview with: *Sebastian Stadil - CEO*
Conducted by Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: *Mr. Stadil, what is the concept at Scalr?*
Mr. Stadil: At Scalr we believe that we are going to live in a multi-cloud world where enterprises might want to have some private cloud and public cloud departments. We are building software that allows enterprises to manage hybrid clouds and private clouds. Therefore, we are helping them have a single pane of glass to manage both their public and private cloud deployments.

CEOCFO: *What makes you feel this is the way of the future?*
Mr. Stadil: Enterprise cloud needs aren't one-size-fits-all. If you ask Amazon and Google, they both believe that ten years from now everything is going to be on public cloud. However, if you ask an enterprise today, they often have constraints that prevent them from moving wholesale towards cloud. An example of such a constraint would be that they have existing infrastructure inside of a data center and their workloads each need to be placed collocated next to them for low latency high throughput. Therefore, to be able to get the business ability from cloud, but still have low latency and high performance access to other systems, they might need to deploy a private cloud. However, in an enterprise there are many workloads that do not have those constraints and they might be fine putting those on the less expensive public clouds. Today's enterprise has many different workloads. Some are just better suited for private and others are better suited for public.

CEOCFO: *Where is Scalr today? Is the product available, is it in planning or commercialized at this point?*
Mr. Stadil: Scalr is an open source project. There is a company that stands behind it and does all of the development. It is available under the Apache 2.0 license. It is on GitHub. We have been in business for about six years now.
We are deployed at scale at companies like Expedia, Samsung and Sony as well. We are deployed at very large, major billion dollar revenue companies.

CEOCFO: *Is it because they understand the importance? Is it that you do it better than others? How are you getting that traction?*
Mr. Stadil: You have to understand the general trend in cloud. When you work at a large enterprise, any time you want to make a change to some infrastructure you submit a ticket. You describe in that ticket what you need to have done and someone on the other end of that ticket is going to process that ticket and make some changes. So if you need a server, you file a ticket saying you need a server and here are the reasons why you need it. Then someone on the other side in IT sees that ticket and provisions a server for you. However, he is also going to review that request for legitimacy. If you are requesting a thirty-two core server, but don't have a good reason for it, they will probably only give you a two or four core virtual machine because that is better suited. Again, the process is very manual. You have a request that comes in, that request is reviewed for legitimacy, security and many other things and then the ticket is fulfilled. When you are moving to a cloud world, you are moving to a self service world. Here, instead of filing a ticket, you just log into Amazon and you provision whatever you want. The problem that it poses is that, sure it is much faster for the developer and the business gets more agile as a result, but you lose the benefits of that manual review. When you lose the benefits of that manual review that means that the developer that requested a thirty two core machine when he really just needs a two core, then he is incurring expenses for the company that are not necessary. Therefore, the advantages of a request review just disappear. This is solved, with a product like Scalr, and there are many out there and we encourage everyone to make a full evaluation. That solution is called a cloud management platform and CMP is what Gartner calls the industry. What CMPs do is take that process where self service no longer has that review process and they enable you to allow IT to

enforce governance processes, which allow you to have the advantages of that review while still retaining self service capacity. As an example, in a development environment, IT might allow self service, but only for one to four core servers. They might disallow thirty two core ones. Therefore, a developer gets self service on small machines and if they need to make an exception to that they can request it from their manager. Therefore, it is a way of balancing the advantages of the review process with the advantages of self service.

CEOCFO: *What is the competitive landscape? Have any others ventured into this territory with the depth of Scalr?*
Mr. Stadil: Yes. Again, going back to Gartner, they recently published their Magic Quadrant analysis there and they posted a survey of the more mature players in the field. We were very happy to be included in these reports. They said very good things about us. Some of the other competition would be BMC Lifecycle Manager, Red Hat CloudForms and there are a few other ones like that. We encourage competition. If you just Google for cloud management dot com's you will see a whole list of those.

CEOCFO: *How do you reach prospective customers? Who are you targeting over and above the large names that you mentioned?*
Mr. Stadil: The sweet spot for Scalr is really the enterprise that believes that software is leading the world and believes that everything that they have internally should have some sort of programmatic access to it. Therefore, a CIO or a CTO that wants to transform his enterprise and make it software driven. That is the kind of enterprise that is the sweet spot for Scalr. Therefore, we view cloud as transformative for all companies out there, the same way as software and the same way as technology in general is transformative. CIOs and CTOs that realize that are going to be making big bets on cloud. We give IT the tools to balance the advantages of that review process with self service.

> **"Our customers are saying that they would not be able to have successfully adopted cloud without the use of the cloud management platform." - Sebastian Stadil**

CEOCFO: *What has changed from your original concept at Scalr? What have you learned? What have you found as it has been out and in use?*
Mr. Stadil: We learned many things on the technology side. We learned many things on the business side as well. It has been quite a journey. When we started out as an open source project, we were just a handful of people with no community and no customers. We just started out saying, "This project might be useful for some folks." We kind of grew from there. When you are making software that is very useful, communities naturally appear. Today, I think there are sixty or seventy different forks of Scalr. There is a community of thousands of developers. Many, many companies that are from many diverse businesses, but many billion or ten billion plus revenue companies those use it. One of the things that we really learned to do is balancing requests and feedback in use cases from a diverse group of people. I think that the over arching problem to tackle when you have constituencies that require diverse things. As a software developer and as a CEO, you need to be able to reconcile those conflicting needs of a product. For example, one of our customers is Oracle and while working with them we realized that they need a lot of flexibility. That is because they have their own processes, they have their own technology that they prefer to use with and they need a flexible product to be able to integrate with. Now, when we are talking with a smaller company, they have fewer resources, they are much more standardized and they want much more ease of use and do not care about flexibility as much. Therefore, on the Scalr product roadmap one of the key things we have learned is how to work with customers to identify the specific use cases that they are trying to solve for, so that we can balance the needs of those that need ease of use with the needs of those that need flexibility.

CEOCFO: *What is the plan? What is ahead for the next year or two?*
Mr. Stadil: We went through a few acquisition offers that we turned down. Therefore, our plan really is to grow Scalr as a company, grow it with revenues and if we get to the point where we have one hundred to two hundred million dollars in revenue, then we will consider an IPO. Otherwise, being the majority owner in the company, I am happy to keep that private and just enjoy the ride.

CEOCFO: *How is business right now?*
Mr. Stadil: We are moving offices constantly; it gets crazy. We are now thirty five and again we are looking for larger office space. Therefore, our revenues have been growing like crazy. Our headcount has been growing like crazy. For instance, last year we were only eighteen and we doubled in revenues and headcount in less than six months. Therefore, we are on a really, really nice growth trajectory and that puts a ton of strain on the organization. All of our employees are working very long hours. We are spending a lot of time trying to find more talent to be able to scale the organization. Therefore, hyper growth is really quite a strain on our resources, but it is quite fun as well. It is a challenge that I think few are fortunate enough to go through, so I do not think I have much of a right to complain.

CEOCFO: *What are the intangibles you want for you people? What do you look for over and above technical skills?*

Mr. Stadil: It really depends on the profile. What we really like is for an employee to have suffered the pains of managing infrastructure without cloud because then for that particular employee it becomes a personal mission to make good software. Just like Genentech likes to hire people that have had the misfortune to have someone that has had cancer in their family or someone with some serious illness, they like to hire people for which research and development is personal for them. They are more committed towards making cures for those illnesses. Similar to us, we like to hire developers that have had pains with infrastructure, because when they work on the product they understand why we are doing it. They understand what our mission is from personal experience. That is something that we always make a requirement when we hire.

CEOCFO: *Why take notice of Scalr today?*

Mr. Stadil: If you are an executive that really believes that technology is transformative, and I think you would be hard pressed to find executives that would disagree with that statement. I think cloud really is transformative because when you move to a self service model, you enable your developers and you enable your employees to solve their own problems rather than rely on someone else to solve them for you, which always takes time. Therefore, self service infrastructure is a tremendous driver for business agility. When you are just relying 100% on self service, you might not be as much of an expert or as competent as the person who does that full time. Therefore, reconciling the need for self service with the advantages of having some expert staff is an angle that we have been specializing at. Our customers are saying that they would not be able to have successfully adopted cloud without the use of the cloud management platform. Those that selected us found us to be superior because of the fact that we are open sourced. We are an independent and profitable company. We are very low risk to adopt and they have been happy with that. I think there is an ongoing price war between Amazon and Google that has been tremendously useful for customers that are very technology savvy. One of the problems that we have seen enterprises run into over and over again is that eighty percent of their IT budget is just spent on keeping the lights running, renewing licenses to existing software, renewing hardware that might have gotten old and just has those refresh start cycles and rarely do you see their vendors cut down their own prices. Therefore, that means that there is a great deal of their budget that is there just to keep things running as opposed to fuel new growth and new product opportunities in the company. The price war that we are seeing between Amazon and Google has, I think, over the last year alone, has cut down by half the prices for all public cloud infrastructure. The major corporations that we work with like Expedia and Samsung have enabled them to save millions and millions of dollars on infrastructure costs when then led to new products being developed. For example, Samsung has developed at least three entirely new products for their Android phones with the savings that came from the use of public cloud infrastructure. Therefore, being able to have a management platform like Scalr that allows you to manage private and public workloads and move workloads from private to public when they get less expensive and your constraints can relax. Therefore, the price war that we are seeing between Amazon and Google is driving innovation by freeing up resources. I am really excited about that!

BIO: Sebastian Stadil is founder and CEO of Scalr. He has been a Cloud developer since 2004, starting with web services for e-commerce and then for computational resources. He founded the Silicon Valley Cloud Computing Group, a user group of over 8000 members that meets monthly to present the latest developments in the industry. As if that weren't enough, Sebastian founded Scalr as an open source project in 2007. Sebastian is a frequent lecturer on cloud computing at Carnegie Mellon University, and sits on the Google Cloud Advisory Board. When he is not working on Scalr, Sebastian likes to make sushi and play rugby.

Scalr

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