



## Market Insight Report Reprint

# Revitalized Panzura hones focus on data management

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## Introduction

Since it was acquired by Profile Capital Management two years ago, Panzura has leveraged its expertise in cloud file services to expand its data management portfolio with new offerings in the analytics, governance and monitoring areas. With the rising threat of ransomware, the vendor is deploying its storage, rapid recovery and data services to alleviate recovery concerns.

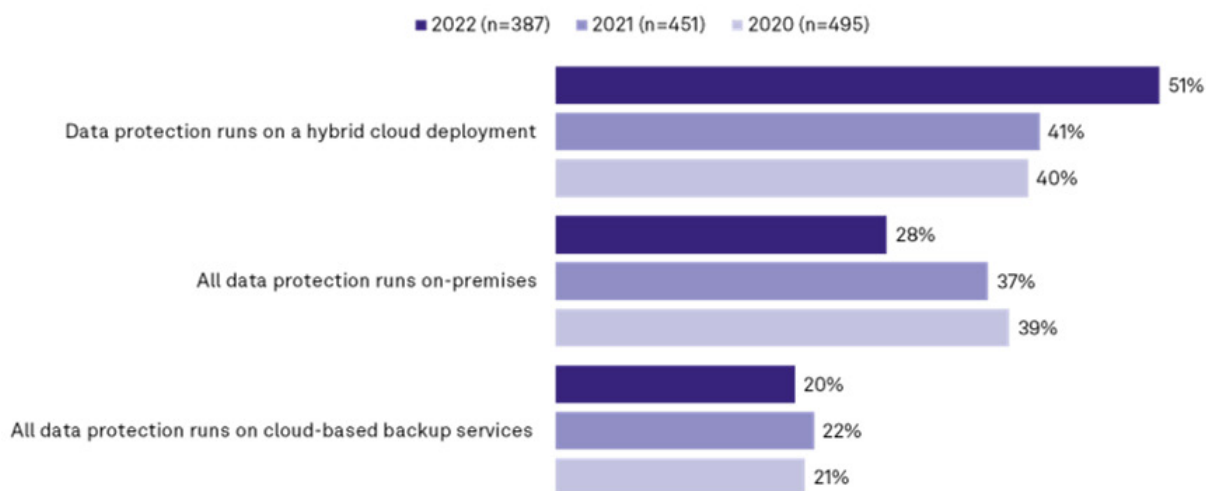
## THE TAKE

Panzura's transformation was accelerated by the pandemic, which highlighted the need for hybrid cloud file services, data protection and data management. The tailwinds that drove the company's growth are likely to continue given that many organizations have shifted toward hybrid cloud storage over on-premises to handle their data-protection needs. In 451 Research's Voice of the Enterprise: Storage, Data Management & Disaster Recovery 2022 survey, 51% of respondents noted that their organization was using hybrid cloud for their data protection, which was up from 40% two years ago and ahead of on-premises-only respondents (28%, see Figure 1). Panzura built its new services on top of its mature CloudFS global file system and integrated powerful data management and collaboration capabilities, which are essential for supporting highly distributed organizations and partner networks.

## Context

Founded in 2008, San Jose, California-based Panzura was acquired by Profile Capital in May 2020, and a new leadership team subsequently took over led by CEO Jill Stelfox, who was previously the co-founder and co-CEO of EDGY. The vendor currently has a headcount of 350, with more than half of its employees on the engineering team. In May, it raised a series B funding round from Kayne Partners and CIBC Innovation Banking.

**Figure 1: Hybrid Cloud Data Protection Is Firmly Ahead of On-Premises**



Q. Which of the following best describes your organization's current use of data protection (e.g., backup, disaster recovery)?

Base: All respondents

Source: 451 Research's Voice of the Enterprise: Storage, Data Management & Disaster Recovery 2022

Panzura reports that its annual recurring revenue has grown over 485% since its sale, with more than 400 customers and a customer retention rate of 97%. Its net promoter score is 87. The company claims that in 2021, its enterprise customer ARR grew 132%, which outpaced its overall 90% year-over-year ARR growth. Average deal size for new customers is around \$200,000 ARR and Panzura claims that it has several with over \$1 million ARR today. It has been strong in the healthcare, insurance, financial services, media, public sector, and engineering and construction verticals. Roughly 80% of Panzura's sales come from North America, although it plans to expand to Latin America and Europe with new teams established recently in Mexico and London, along with partner-driven sales in Asia-Pacific and the Middle East.

The company generates 98% of its opportunities through its channel and alliance partners. Its channel partner network includes large players such as CDW Corp., Shi, Sirius, Softcat PLC, ePlus Technology and Applied Software, and Panzura leverages a sell-with-enablement model to collaborate on larger opportunities while providing the partners with a 20%-35% discount. Alliance partners include AWS, Google, IBM Corp., Microsoft Corp., VMware Inc. and Varonis Systems Inc. With the hyperscaler partners, Panzura makes its services available via their marketplaces.

## Products

Panzura CloudFS is the company's data layer in its offerings. The global file system software runs on VMs and an object store back end and controls where files are stored and cached, as well as the access writes for reading and writing data. It facilitates real-time collaboration and has immutable storage capabilities to protect against ransomware and other attacks, while also providing rapid file restore capabilities via snapshot recovery.

Panzura Data Services are run through a single SaaS dashboard that gives customers visibility into their data and can integrate with third-party file sources such as NetApp Inc.'s network-attached storage systems and Dell Isilon/PowerScale. Global search can find data across hundreds of millions of files, with sub-second latency leveraging elastic search. Within the platform, the vendor's AI/ML engine analyzes the storage usage in a customer's environment and helps them locate redundant and obsolete data that can be removed to free up precious storage space. The analysis also facilitates auditing services to track users and data to analyze how files are being opened, modified and shared throughout the environment. In the event of an internal threat corrupting, deleting or sharing data inappropriately, the audit services can create alerts to warn customers about suspicious activities.

## Competition

Panzura started out in the cloud gateway and controller space when it was founded in 2008 and continues to vie with rivals such as Nasuni and Ctera in addition to improving offerings from hyperscalers such as AWS Storage Gateway. The vendor's reach today goes well beyond the gateway market and extends into the secure file services segment, where Panzura Edge Access and Panzura Company Connect can offer an alternative to services from the likes of Dropbox for remote access and secure collaboration. In some cases, customers have used Panzura as an alternative to virtual deal room services where unstructured data is securely shared between collaborators.

In the unstructured data management realm, a large number of rivals have emerged, with all of them also looking to meet customer demand for hybrid cloud storage. Contenders include large incumbents such as NetApp, Dell Technologies Inc., Hitachi Vantara and Nutanix Inc., in addition to a large crop of newer players such as Komprise, Hammerspace, Qumulo and Egnyte. Many of these providers target the backup and disaster recovery use case first since it is an immediate need with growing fears around ransomware, and employ that foothold to expand into the data management and collaboration use space, with Cohesity being an example of a vendor utilizing this strategy.

## SWOT Analysis

<p><b>STRENGTHS</b></p> <p>Panzura has had over a decade of experience helping customers create hybrid cloud storage environments, and has added data-protection and management capabilities to enhance its value proposition.</p>	<p><b>WEAKNESSES</b></p> <p>The vendor is still small compared with larger and established storage and cloud suppliers, and is working on its international expansion strategy.</p>
<p><b>OPPORTUNITIES</b></p> <p>The growing popularity of hybrid and multicloud deployments highlights the need for the secure and consistent file-sharing and data management capabilities that Panzura provides.</p>	<p><b>THREATS</b></p> <p>Many players are targeting the same hybrid cloud storage data management opportunities.</p>

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