Zerto covers all clouds with hypervisor-based replication for business continuity/DR

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Startup Zerto, which exited stealth mode last year, has raised $21m in a bid to displace array-based replication vendors by providing relatively low-cost, cloud-based business continuity and disaster recovery. The latest release of its software includes cloud-specific features such as multisite replication, a multi-tenant architecture and tight integration with VMware's vCloud Director (as well as vCenter), with a particular focus on disaster recovery as a service (DRaaS). Verizon's Terremark is an early customer of Zerto Virtual Replication 2.0. General availability of the software is slated for the second quarter.

The 451 Take

The initial implementation of Zerto Virtual Replication provided clear-cut advantages versus expensive array-based replication for IT organizations, but lacked some of the functionality required by cloud service providers looking to offer DRaaS. The 2.0 version addresses those shortcomings and should significantly expand the company's customer base, which has been growing slowly (although slow growth is expected in a product that seeks to displace array-based replication, into which prospective customers have poured millions of dollars). Zerto's latest round of funding is earmarked for expanding sales and marketing.

We initiated coverage of Zerto (a play on 'zero RTO'), which has headquarters in Boston and Herzliya, Israel, when the startup came out of stealth mode in mid-2011. The company is still in

the early stages, but claims about 50 customers and an average deal size in the high tens of thousands of dollars. Its target customers are midsized and high-end enterprises, including any company currently using array-based replication for disaster recovery, as well as MSPs providing DRaaS. The first two customers for the recently released Zerto Virtual Replication 2.0 software include Verizon's Terremark service provider unit and Netherlands-based hosting service provider ZXFactory, which uses Zerto's software in its ZX Continue DRaaS offering. Terremark is using Zerto Virtual Replication 2.0 for its cloud-based disaster recovery service.

Zerto has received two rounds of VC funding totaling $21.2m, and is currently not seeking additional funding. Investors include Greylock Partners, Battery Ventures and US Venture Partners. The company sells primarily through the channel, and has about 30 reseller partners, including Unique Digital, Right Systems and Forsythe Technology in the US, and Consolidate IT, Apro Solutions and Danysoft in Europe. It has almost doubled its headcount to 50 employees over the past eight months.

The company's flagship product, Zerto Virtual Replication, provides hypervisor-based (VMware-only) replication. (The replication is asynchronous, but Zerto refers to it as 'near-synchronous continuous replication' because it can provide RPO/RTO measured in seconds.) In addition to being hypervisor-based, a key differentiator of Zerto's software is that it can be configured to replicate virtual protection groups of VMs that represent an application, regardless of the location of the VMs. In addition, the software enables replication to dissimilar (inexpensive) disk arrays, including any array that VMware supports as a data store.

The key features in the 2.0 release relate to replication within or between private, public or hybrid cloud architectures, including multisite replication, a multi-tenant architecture and integration with VMware's vCloud Director (as well as vCenter). Multisite (many-to-one) replication enables cloud service providers to support multiple customers, and enables IT organizations to protect multiple datacenters and remote offices. The multi-tenant architecture in Zerto Virtual Replication 2.0 isolates data in a shared infrastructure. And integration with vCloud Director simplifies management for MSPs and cloud service providers.

Additional features in Zerto Virtual Replication 2.0 include support for all major arrays, a Cloud Connector feature that enables network segregation for security, infrastructure masking (where end-user customers can only see their piece of the cloud infrastructure), and RPO/RTO of minutes or seconds (from the time of failure), according to the company. Still missing from Zerto's software is support for encryption, which is due in a future release of the product. In addition, Zerto Virtual Replication is currently limited to VMware environments, although support for other hypervisors is

in the works.

Competition

Zerto's primary competitors are disk array/replication vendors such EMC, Hitachi Data Systems, IBM, NetApp and HP. In addition to EMC's Symmetrix Remote Data Facility replication, Zerto competes with EMC's RecoverPoint and on this score it's interesting to note that Zerto's founders – Ziv and Oded Kedem – were also founders of Kashya, which EMC acquired in 2006 for $153m. The Kashya technology is the foundation for EMC's RecoverPoint product.

Zerto claims the same level of functionality and performance (RTO and RPO) as array-based replication tools, but differentiates in that its software is hypervisor-based and relatively inexpensive. The software is priced at $745 per replicated VM, and enables replication to dissimilar (and less expensive) arrays. In contrast, array-based replication products require the same type of expensive arrays on both ends of the replication chain. Zerto also claims ease-of-use advantages (because the software is implemented at the hypervisor layer and is integrated with vCenter) and relatively rapid deployment (the company claims less than one hour for remote installation).

Zerto may also, to a degree, compete with VMware's hypervisor-based vSphere Replication software (included with VMware's Site Recovery Manager, or SRM), which can be deployed in stand-alone mode or in conjunction with array-based replication. Against vSphere Replication in stand-alone mode, Zerto claims better scalability (supporting thousands of VMs vs. 500, according to VMware, for vSphere Replication) and better performance (RTO/RPO of seconds vs. 15 minutes or hours for SRM and vSphere Replication). In addition, Zerto Virtual Replication includes failback functionality, whereas vSphere Replication requires array-based replication for failback operation. (VMware positions vSphere Replication between array-based replication and software-based replication from vendors such as Neverfail and Vision Solutions' Double-Take replication software.)

At the low end of Zerto's target market, the company may vie with VM backup/recovery/replication specialists such as Veeam Software and Quest Software, although those vendors are focused primarily on SMBs, which is not Zerto's target market.