REPORT REPRINT

Wasabi’s Hot Cloud Storage offers single-tier performance-oriented cloud object storage

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Object storage services are ubiquitous in the public cloud, but not all services are created equal. Wasabi’s Hot Cloud Storage aims to break the mold when it comes to the perception of object being nothing more than slow, cheap and deep storage – as well as challenge the model where customers need to choose between performance, availability and cost.

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Introduction

While cloud-based object storage is ubiquitous, pricing for object storage among most vendors is a complex maze of multiple service tiers, units of API requests and egress charges. Wasabi Technologies aims to evade these with its single-price, single-tier object storage service, although this comes with conditions on what constitutes a 'good fit' for the service.

451 TAKE

Wasabi is executing on a multi-year pivot-to-channel strategy, in which it is finding success as the company has grown to 17,000 customers. Positioning object storage as an endpoint for other products – Veeam Backup with Wasabi, for example, is a popular use case – is fueling growth in the company.

Wasabi presents a compelling combination of price, performance, availability and features, and while customer counts serve as validation of strategy, the object storage model (which is currently Wasabi's sole service) is encumbered by the perception of being a 'cheap and deep' option for storing data, potentially relegating it to archival use cases. Wasabi aims to counteract this with a tier-free access model, with no egress charges as well as ingest and data access roughly five times faster than competing cloud object storage services.

Context

Launched in 2017, Boston-based Wasabi styles itself as a 'hot cloud storage company,' offering object storage compatible with Amazon S3 APIs. The company, founded by ex-Carbonite executives David Friend and Jeff Flowers, envisions a purposefully multi-cloud future, with Wasabi acting as a utility provider of storage (akin to the utilities of networking and electricity). To that end, Wasabi has redoubled focus on channel sales, now comprising 45% of sales compared with 30% at the start of 2020.

Wasabi's pricing structure is at the core of its value proposition: pay-as-you-go pricing is set at $5.99 per TB per month, with no additional charges for data egress or API requests, in contrast to AWS, GCP and Azure. No alternative tiers are offered for greater or lesser performance characteristics. Wasabi assesses a 90-day minimum for storage costs, and pricing is not prorated for capacities under 1TB. The company characterizes the price difference as 80% less than Amazon S3, and additionally highlights the physical proximity of its datacenters relative to Amazon, for customers aiming to use AWS for compute (given that Amazon does not charge ingress) and Wasabi for storage.

At present, the company has roughly 100 employees.

Funding

Wasabi closed a series B financing round in May 2020 led by Forestay Capital, the technology arm of Waypoint Capital, with participation from Wasabi's previous investors. This funding round brings the company to a total of $110m. The additional investment was prompted by growth resulting from the COVID-19 pandemic because capacity planning projections were upended by increases in enterprise data production.

Products and pricing

Wasabi is a storage provider, not a services provider – it offers object storage via an S3-compatible API through which customers can store data. Specific features such as client device backup, disaster recovery and storage gateway functionality are provided by third-party partnerships.

Wasabi's pricing model is primarily a flat $5.99/TB/month pay-as-you-go arrangement, with a 1TB minimum. It does not charge for egress, although this is defined as a 'reasonable rate' of access: if monthly egress is less than or equal to active storage, Wasabi considers this a 'good fit.' This comes with a caveat: the terms and conditions note that if the storage use case exceeds this guideline on a regular basis, the company 'reserve[s] the right to limit or suspend... service.' This is to deter customers from using Wasabi as a content delivery network (CDN).

A capex pricing model, Reserved Capacity Storage (RCS), is available for enterprises with over 50TB of storage, up to 10PB. Users on the pay-as-you-go plan are subject a minimum 90-day charge for data, with RCS subscribers subject to a 30-day minimum.

For large capacities of data, 100 TB and greater, the company can assist migration to the cloud through the AWS Snowball workalike, Wasabi Ball, allowing customers to migrate by physically mailing data on drives to Wasabi.

Technology

As noted in 451 Research's initial coverage of Wasabi, the company's technology stack relies on proprietary low-level code for management, rather than using Windows or Linux for storage management. This approach allows it to use nearly all of a physical disk, whereas typical block-oriented file systems reserve roughly a third for overhead. Likewise, Wasabi aims to extend the lifespan of drives and increase performance by minimizing the movement of the read/write head in each individual drive. This, in turn, reduces infrastructure costs because components have a longer service life.

Wasabi's API is fully compatible with the AWS S3 API, making it a suitable drop-in alternative to AWS for object storage, subject to egress requirements. For compliance with HIPAA, CJIS, FINRA and other regulatory requirements, Wasabi offers immutable buckets, preventing modifications to data after upload.

From a low-level implementation standpoint, specifics are essentially a trade secret, although Wasabi currently uses a combination of SMR and PMR drives, which are backed by 2-3% flash cache, consistent with industry standards.

Partners

Wasabi claims 250 technology partners and lists Adobe, Altaro, Archiware, Arcserve, Caringo, Comet Backup, Commvault, Falconstor, Flexential, Milestone, MSP360, Quest, Rubrik, Veeam and XenData as featured partners. The company also claims 2,800 channel partners as part of its increased channel-focused go-to-market strategy.

Wasabi operates five datacenter locations, through colocation agreements:

- us-east-1 region – Ashburn, Virginia (Digital Realty colocation)
- us-east-2 region – Manassas, Virginia (Iron Mountain colocation)
- us-west-1 region – Hillsboro, Oregon (Flexential colocation)
- eu-central-1 region – Amsterdam (Equinix colocation)
- ap-northeast-1 region – Tokyo (NTT colocation)

Competition

Nominally, Wasabi's primary competition is the likes of AWS, GCP and Azure. Alternative cloud platform operators offer block storage with simplified billing relative to the aforementioned hyperscalers – Linode eschews API/transit fees, and DigitalOcean offers a 'flat' 250GB storage and 1TB transfer package for $5 per month. European alternative cloud platform operators OVH and Scaleway likewise offer low-cost block storage based on Ceph and S3 protocols, respectively.

Backblaze is effectively the only other company focusing exclusively on low-cost object storage, with Backblaze B2 object storage gaining compatibility with the S3 protocol in May.

SWOT Analysis

STRENGTHS

Wasabi offers a combination of relatively high-performance, parallelized object storage services and a currently unique flat pricing model. Wasabi's sole focus on storage makes it a strong partner rather than a competitor for cloud vendors that focus more on diverse computing services.

WEAKNESSES

Performance-based cloud object storage is proving to be a desirable data source for analytics, but this requires relative proximity to compute infrastructure. Wasabi has only five locations at present and will need to continue expanding its locations and bandwidth to meet the needs of future growth as well as support extended protection zones.

OPPORTUNITIES

Wasabi's continued pivot to channel sales is likely to increase its reach for buyers of enterprise software, along with the introduction of new capacity and locations that can increase its global footprint.

THREATS

AWS, GCP and Azure could stand to cut on-demand pricing or offer more compelling discounts for reserved storage contracts while retaining an adequate margin.