# CloudCheckr aims to capture government sales with pursuit of FedRAMP credentials

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While the private sector is relatively far along on its cloud transformation journey, the public sector is lagging, due in part to security and compliance regulations put in place by the federal government. CloudCheckr is aiming at this market with the hope of being the go-to cloud management platform for organizations receiving federal funding.

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## Introduction

In consideration of the overall maturation of the cloud management platform (CMP) market, players in that industry must look to diversify their respective product portfolios to maintain relevance as independent firms. CloudCheckr is focusing heavily on relationships with MSPs as well as catering to the needs of government-related and other highly regulated industries to maintain growth.

### 451 TAKE

CloudCheckr has grown beyond its cost/expense management beginnings to include security/compliance, asset management and resource utilization capabilities. The company is making significant overtures to US federal government buyers, and companies that orbit that sphere of influence, with the introduction of CloudCheckr Federal, following their receipt of FedRAMP Ready certification and listing on the FedRAMP marketplace, the first steps toward becoming FedRAMP Authorized. Likewise, CloudCheckr is continuing to champion its relationship with MSPs – which comprise over half of its business – making its platform an integral part of the go-to-market approach for those partners. The relatively diverse feature set and government and partner sales strategies are likely to buoy CloudCheckr through the otherwise presently rough waters that CMPs are facing.

## Context

Launched in 2012, the Rochester, New York-based CloudCheckr persists as an independent CMP amid a wave of M&A activity that has seen previously independent competitors subsumed into MSPs and diversified companies to bolster their respective hybrid cloud security and cost management credentials.

CloudCheckr received $50m in series A funding from Level Equity Partners in 2017, followed by a further $15m in a series B round from the same investment company in 2019. At present, CloudCheckr has 200 employees and claims over 10,000 users, representing more than $3bn monitored 'funnel spending on cloud IaaS.' The company claims a 96% subscription renewal rate and strong relationships with MSPs, which it targets heavily for partnerships. CloudCheckr maintains satellite offices in Washington, DC, and Seattle, Washington, in the US, as well as London.

CloudCheckr publicly claims Vimeo, Pearson Education, Ingram Micro, MediaMath, Fannie Mae and NASA as clients.

451 Research estimates CloudCheckr's 12-month trailing revenue is more than $30m.

## Technology

CloudCheckr continues to expand on the feature set of its core product – following our initial and update coverage of the company, CloudCheckr has expanded utilities for hybrid and multi-cloud deployments, bringing to general availability the CloudCheckr Finance Manager for VMware and Azure Stack Hub. Initially founded to focus on cost and expense management, CloudCheckr's feature set now includes security/compliance, asset management and resource utilization capabilities.
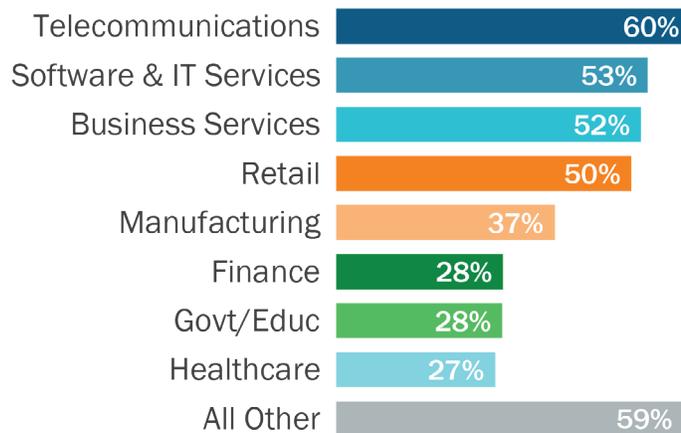
Functionally, the CloudCheckr platform includes over 600 best practice checks across those domains that can be used to create customized policy engines, via a management console. These checks include detection of errant permissioning, ineffective or insecure networking rules, underutilized instances and excessive logging or snapshotting, as well as the absence of adequate snapshots, instances with insufficient resources, excessive errors indicative of performance issues and unused or idling resources. These can be surfaced and remediated using the management console; optionally, CloudCheckr provides the option to programmatically 'always fix' issues as applicable, removing the requirement for human intervention on a per-case basis.

Over half of CloudCheckr's business is through MSPs, a component CloudCheckr expects to grow in the future. The company touts its ability to increase the profit margin of MSPs through use of the platform – particularly at scale – as well as simplify billing for end customers of the MSPs.

CloudCheckr is expanding its emphasis on serving organizations that handle data from the federal government with the announcement of receiving of FedRAMP Ready accreditation, to complement its existing credentials as an AWS Advanced Technology Partner with certifications for security and government. While competing CMPs offer policy sets for FedRAMP compliance, per the US government's listing of FedRAMP-accredited organizations, CloudCheckr is at present the only CMP that is as a company pursuing FedRAMP authorization. Given the protracted cloud transformation journey of US federal government entities, and the strenuous regulation and compliance obligations of organizations handling federal government data, this could be a substantive differentiator for CloudCheckr relative to other CMPs.

This is a sensible market to target; 451 Research's Voice of the Enterprise: Cloud, Hosting & Managed Services, Organizational Dynamics survey found that of organizations already using public cloud, 41% are in initial implementation of production applications. A further 31% are in discovery/evaluation or pilot projects – leading all other surveyed industries.

### Figure 1: Which of the following best describes your organization's adoption of IaaS/PaaS/public cloud resources?



Telecommunications — 60%
Software & IT Services — 53%
Business Services — 52%
Retail — 50%
Manufacturing — 37%
Finance — 28%
Govt/Educ — 28%
Healthcare — 27%
All Other — 59%

Q. Which of the following best describes your organization's adoption of IaaS/PaaS/public cloud resources?
Broad implementation of production applications by industry
Base: All respondents who use IaaS/PaaS/public cloud (n=333)
Source: 451 Research's Voice of the Enterprise: Cloud, Hosting & Managed Services, Organizational Dynamics 2019

*Source: 451 Research, Voice of the Enterprise: Cloud, Hosting & Managed Services*

## Pricing

CloudCheckr offers a 14-day trial of its platform, after which customers pay 3% of their cloud bill, subject to volume discounts and other adjustments.

## Competition

Competing vendors with a CMP include Hewlett Packard Enterprise GreenLake Central, Huawei CMP (FusionBridge), Micro Focus Hybrid Cloud Manager, CA Technologies CA Cloud Service Management, BMC Cloud Lifecycle Management, Fujitsu Cloud Services Management, NTT CMP, Cisco CloudCenter, CloudReach, Oracle Management Cloud, IBM Cloud Management, Microsoft Operations Management Suite, Red Hat CloudForms, VMware vRealize, AWS Cloud Management Tools, Google Stackdriver, Alibaba Cloud Monitoring & Management, BT Compute Cloud Manager, Wipro ServiceNXT, Cognizant Cloud360, HCL DRYiCE Mycloud, and TCS Consult and Architect.

Independent multicloud and hybrid cloud management vendors include Flexera RightScale, Apptio/Cloudability, Scalr, Vapor.io, Rackn, Densify, CloudBolt, cloudtamer.io, CloudGenera, DivvyCloud, Cloudify, Embotics, Turbonomic/ParkMyCloud, Trianz, Abiquo, Platform9, Quali, InContinuum, HyperGrid, Snow Software/Embotics, Morpheus Data and Appcara.

## SWOT Analysis

### STRENGTHS

CloudCheckr's feature set has continued to grow with customer demands and requirements; likewise, the strength of MSP relationships is likely to buoy the company through the otherwise rough waters of the CMP marketplace.

### WEAKNESSES

Partial overlap in feature sets from first-party cloud management tools, security companies and vendors of hybrid/multicloud offerings could make the prospect of paying an added 3% on overall cloud spending a difficult proposition.

### OPPORTUNITIES

With FedRAMP accreditation and the introduction of CloudCheckr Federal, the firm is likely to be more appealing to government buyers and companies that work with federal data. The application time for this distinction gives CloudCheckr a long runway in first-mover advantage.

### THREATS

Volatility in operations/planning for companies reliant on federal funds to operate, given proposed federal budgets, could dramatically decrease the spending power and stymie the cloud transformation efforts of the government-orbit buyers CloudCheckr is reaching out to.