

Insight

Connectria partners with Citrix and Microsoft for SaaS enablement, ramps up marketing

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Managed hosting provider Connectria has teamed up with Citrix and Microsoft to provide SaaS enablement in a hosted cloud. Under its QuickStart 90-day pilot program, ISVs can have a fully functioning Citrix or Microsoft environment of up to five users for a nominal fee. Since the launch of the QuickStart program, the company has garnered more than two dozen pilot customers. While market acceptance is on the rise, the next step for Connectria is to make a commercial success through joint marketing with the two long-standing partners Citrix and Microsoft.

QuickStart program

The new QuickStart program is meant to be a way for ISVs and application developers to determine the feasibility of delivering their existing applications in the cloud and selling to their customers as a service using the subscription-based model. Connectria says its engineering team will be working with ISVs to re-architect their applications with security and compliance in mind. The SaaS applications will be running on the company's standardized VMware-based cloud platform and hosted within its cloud datacenters in St. Louis or Dallas. That being said, customers can choose to run their applications in a custom private cloud environment, which is designed to be hypervisor-agnostic and vendor neutral, and can be delivered from any of Connectria's datacenters.

For a fee of \$490/month and a one-time setup charge of \$599, pilot customers can have the Citrix or Microsoft-based virtualized environment for up to five users. As they transition to the full production environment after completing the pilot program, the pricing structure is user driven and billed monthly. Connectria is optimistic about the market potential and claims over 5,000 Citrix users have already used its cloud platform. Thus, the commercialization of the pilot program is really about turning up its marketing volume, with the support of well-known vendor partners Citrix and Microsoft. In addition to the SaaS enablement offering, the company also works with Citrix to provide desktop as a service, which the company plans to step up its marketing efforts in the coming months. Connectria is a Citrix Value Added Reseller and a Microsoft Gold Partner.

Cloud portfolio

Connectria has a growing cloud business that spans multiple deployment environments (public, private and hybrid) and implementation models (standard, custom and segment specific). Targeting the business segment across the board, the company continues to see growth opportunities coming from the cloud side of its business. Cloud revenue accounted for some 40% of the company's \$27.5 million in revenue for 2012, nearly 6% increase in revenue from \$26 million in 2011. While the bulk of activities was driven by the strong demand for standardized VMware-based multi-tenant cloud offerings, Connectria identified a niche market – mid-sized enterprises and large corporations in particular – for the hypervisor-agnostic custom-built private cloud offering. For the segment-specific IBM i cloud hosting offering, it has garnered a handful of customers since April 2012 when the service was first introduced. Connectria attributes the lukewarm reception to market readiness, indicating customers that are interested in the cloud model are not necessarily running their production systems like IBM i-series in the cloud environment.

On the product side, the company initially planned to add self-service capability into its cloud offering, but it is now looking to partnering with leading providers to give users control via a self-service portal. We expect to hear more about strategic partnership in the coming months. Looking ahead,

Connectria will continue to provide business customers with multiple cloud platforms and cloud deployment models. Managed service will also be an important part of the company's growth strategy, driven by the strong uptake for remote management and administration services. On the service side, one big push will be around desktop as a service, which has yet to make its mark in the business segment. Along with enhanced outbound marketing efforts, the hoster is working on refreshing its corporate website and brand.

Go-to-market strategy

Connectria claims the sales pipeline has tripled in size since we last spoke in April 2012. Sales opportunities are all over the map, from managed hosting, HIPAA-compliant hosting and multi-tenant cloud offerings to hybrid cloud deployment. In response to the strong pipeline, the company has nearly doubled its sales team, although it still accounts for a small fraction of some 120 employees.

Connectria tends to sell direct but begin to develop its channel strategy through working with major technology partners like Citrix, Microsoft and IBM for joint marketing activities. The broader strategy at play here is to gradually build out its partner ecosystem for growth opportunities both within and outside the US. The company already had a soft launch of the referral program last October and is looking to widely promote the program in 2013. It will be followed by the official launch of a reseller program targeted in 2H 2013.

Competition

Connectria is up against other managed hosting providers pursuing cloud hosting opportunities. Companies like Bluelock, Carpathia Hosting, Datapipe, PEER 1 Hosting and Rackspace are in this group. For HIPAA-compliant hosting service, the company will face competition from the likes of Layered Tech, Logicworks, SunGard and Virtustream. IT vendors such as CSC, Fujitsu, NEC America, Hewlett-Packard, IBM and Unisys have expansive product portfolios and established customer relationships. As part of the transformation strategy, they are assisting customers to transition to the cloud at their own pace, which is considered a preferable model for large corporations with complex IT environments.

The 451 take

The SaaS enablement offering from Connectria is nothing new; the company has been providing support to existing customers as part of the managed services offering. It is perhaps worth mentioning here is the deliberated effort to build mind share. The joint marketing campaign with Citrix and Microsoft is not unique, but it is critical to build out its channel strategy, particularly as it combines with the recently launched referral program. We expect Connectria to become more proactive in raising its profile in the managed hosting and cloud arena.

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