

REPORT REPRINT

CenturyLink launches Cloud Application Manager for hybrid IT orchestration

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Following its acquisition of ElasticBox, CenturyLink hopes to hook enterprises with a platform for migrating, building and managing workloads across multiple clouds - including AWS and Azure - with consolidated billing and support.

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CenturyLink has taken on a series of acquisitions aiming to add glue to its enterprise cloud offering and transform itself from a telco into an IT services company. Its purchase of ElasticBox in June 2016 gave the company multi-cloud management and automation tools that have since been integrated into an API-enabled portal and released as Cloud Application Manager.

THE 451 TAKE

With Cloud Application Manager, CenturyLink is laying the foundation for a 'beyond infrastructure' approach, which sidesteps direct competition with the hyperscale IaaS providers by creating a heterogeneous IT service management play. The company continues to aggressively compete in cloud territory where other US-based telcos have largely failed because of its trifecta of networking, infrastructure and managed services credentials. Although it is maintaining its existing IT infrastructure services portfolio (colocation, managed hosting, dedicated private cloud and public cloud), CenturyLink acknowledges the multi-cloud orientation of existing and prospective customers. The retention of the former is essential to the success of its larger strategy of becoming a trusted advisory for managed IT and network services.

CONTEXT

As a business-focused service provider with extensive enterprise relationships, CenturyLink has not shied away from the challenge of supporting customers eager to realize the benefits of launching or migrating workloads to the cloud. Besides offering VMware-based public and hosted private clouds, it has acquired technology and teams to sharpen its software acumen at all levels of its business.

The company's profile reflects its telco heritage. Its annual operating revenues were \$17.9bn in 2015, with over 60% of that coming from its business customers, which represent over 98% of the Fortune 500 companies. CenturyLink offers enterprise networking services in 99 countries and manages more than 60 datacenters globally, which gives it the physical networking chops to deliver enterprise-grade connectivity and security. Its recent acquisition of Level 3 Communications, expected to close in Q3 2017, will catapult it into second place behind AT&T in the US market. The acquisition will also improve its position in EMEA and Latin America, where Level 3 has significant fiber assets.

Cloud Application Manager, launched on February 28, is a managed service designed to deliver a platform-like user experience to business customers in an infrastructure-agnostic manner. The company hopes to preserve the virtues that hyperscalers have used to disrupt the market by using elastic, well-documented infrastructure available on-demand and supported by experts in a workload management layer, which makes it easier to select, consume and monitor services across cloud environments.

The new offering plays a key role in CenturyLink's larger multi-cloud management strategy. This strategy combines tools such as Cloud Application Manager with an application lifecycle approach to IT transformation (driven by capabilities from the ElasticBox acquisition), automated managed services, and IT consulting and design services. In a recent Voice of the Enterprise cloud computing survey, 451 Research found that nearly 70% of organizations anticipate running applications and data in multiple cloud environments over the next two years, with 40% planning to orchestrate workloads seamlessly across various on-premises private cloud, off-premises hosted private clouds, public cloud and infrastructure-as-a-service (IaaS) platforms.

PRODUCTS

Cloud Application Manager was developed to give enterprise IT departments end-to-end visibility and control of cloud workloads through a single portal with consolidated billing and support. The product can be used in isolation or in conjunction with professional services, and with a focus on managing cloud across private, public and service provider environments. To this end, CenturyLink has been accruing AWS and Azure certifications among its network operations team. Although all AWS and Azure services will be available on Cloud Application Manager, CenturyLink is the full-support owner on core IaaS and a few PaaS services, with plans to take on more as it develops expertise.

The company says Cloud Application Manager is configured to adapt to customers' needs on a per-application basis, enabling three scenarios: do it yourself (self-managed), leave it to us (CenturyLink-managed) or let's work together (collaboratively managed).

CenturyLink is touting three core aspects of its platform:

- Application lifecycle management (ALM) – Cloud Application Manager is based on ElasticBox functionality and aims to support IT departments via automated application deployment, including workload auto-discovery and recommendations for best execution venue based on cost and performance needs
- 'Managed services anywhere' – The platform is designed to allow customers to turn over responsibility for the management, patching and remote administration of workloads on-demand, regardless of where the workload is hosted. (Managed backup is on the roadmap for future service updates.)
- Cloud optimization – Enterprises should be able to use Cloud Application Manager to provision and manage CenturyLink Cloud, AWS and Azure resources natively along with other cloud environments, with consolidated billing and support through a single interface.

Cloud Application Manager can be deployed in two ways: using a SaaS model or by launching a virtual appliance in a customer-owned or CenturyLink-managed datacenter. Both versions incur a \$9,000 one-time cost for on-boarding, which includes configuration and setup of an organization's workspace, application catalogs and training. Each version offers a 5% discount on vendor list prices for AWS and Azure services. The SaaS version will charge for management on a metered basis, with ALM and managed service fees accruing per hour. The datacenter model is offered at a fixed price of about \$12,000 per month for ALM, but on-demand managed services will be charged per managed hour. Tiered support will be billed based on the monthly spend across all services, including AWS and Azure.

As might be expected given so many moving parts, Cloud Application Manager functionality will be rolled out gradually in the spring. At launch, it will offer ALM capabilities (including auto-discovery of workloads, account federation and UI enhancements), as well as extending the on-demand managed services already available for CenturyLink Cloud to AWS and consolidated billing (resale) for Azure. In March and April, the plan is to extend managed services for Azure and AWS resale. The roadmap beyond launch adds features such as management console and dashboard reporting; cloud optimization capabilities related to cost, governance and chargeback; security integration; and platform-native multi-cloud interconnect via NetX.

BUSINESS MODEL

CenturyLink is starting from a position of strength in networking, security and managed services by co-opting the features its enterprise customers want from pure-play cloud providers. Cloud Application Manager is a culmination of the company's years-long multi-cloud management strategy, which has brought in and stitched together a number of technologies and teams to support the new platform.

With Cloud Application Manager, CenturyLink's commercial relationship with AWS and Azure will be as a network and managed services partner and reseller in their respective ecosystems. The company plans to pre-buy capacity from AWS and Azure at favorable rates and then resell it to Cloud Application Manager customers at a discount from the list price. It has no explicit plans to add support for Google Cloud Platform but says it will explore such a partnership if customers demand it.

CenturyLink makes it clear that the typical budget for its offering rests with IT departments, not business units, although responsibility for static legacy applications and dev/test workloads may be exceptions to the rule. For IT services, target applications include proprietary prepackaged applications, including multitiered, mobile and containerized apps, and customer-facing applications supported by internal IT departments or service providers.

COMPETITION

While there is some overlap between CenturyLink Cloud and hyperscalers' offerings at the infrastructure level, the company's business model is focused on the underlying networking layer and, in the case of Cloud Application Manager, on the managed services that sit atop cloud infrastructure. In fact, many pure-play cloud providers are CenturyLink customers, and the company sees itself as a network and managed services partner to AWS and Azure.

At the network level, CenturyLink competes with AT&T, Verizon and Windstream, as well as smaller regional ISPs and telcos offering international cloud services, either self-branded or via partnerships, including Colt, Orange, Deutsche Telekom, Vodafone, BT Group, NTT Communications, SingTel, Tata Communications and Telstra. Its pending purchase of Level 3 will give it additional footprint in Latin America and EMEA. At the cloud infrastructure level, the company is up against the likes of AWS, Azure, Google and IBM SoftLayer, which offer on-demand public cloud services. At the managed services level, the company competes with the likes of Rackspace, Accenture, CSC, Deloitte, Datapipe and many smaller providers that are increasingly managing multi-cloud deployments on behalf of customers.

SWOT ANALYSIS

STRENGTHS

CenturyLink has an incumbent base of enterprise customers, who perhaps already see the telco as the ideal 'trusted advisor' for their move to the cloud. Partnerships (and certifications) with AWS and Azure (the market leaders) show credibility, and both managed and non-managed flavors should appeal to the companies that prefer hands-off or hands-on management.

WEAKNESSES

The company should consider which cloud providers to roadmap and what new cloud services it will add in the future. Yes, AWS and Azure are market leaders now, but Google has the potential to compete as does new IaaS-entrant Oracle. Where do services beyond compute fit into the story?

OPPORTUNITIES

Cloud is not easy. Enterprises want, and need, expertise in using this disruptive technology - especially with the increasing interest in hybrid and multi-cloud models. CenturyLink's base of existing customers with deployments across colocation, managed hosting, private cloud and public cloud environments means that the company has to help its customer base sort all of it out to remain relevant - thus turning necessity into opportunity.

THREATS

At the moment, the seamlessly integrated use of multiple public cloud providers is a pipe dream, which few enterprises, vendors or service providers are ready for. The cloud broker model has been tried before (e.g. Dell Cloud Manager) and hasn't resulted in much success. CenturyLink's ambitions are good ones, but are enterprises, applications and workloads ready?