



Is it really all going into the Cloud?

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CEO Connected Data

Heard on Sand Hill Road...

- It's all going into the cloud in the next two years
- Enterprises don't want to manage their own storage



Cloud Storage

Cloud Storage – What is really happening?



Google Drive

Privacy and
Security

Dropbox is peeking at your files

**Dropbox stumbles over security and
privacy of secret links**

Hey, Dropbox, get off of my cloud

Apple, Microsoft go after popular service

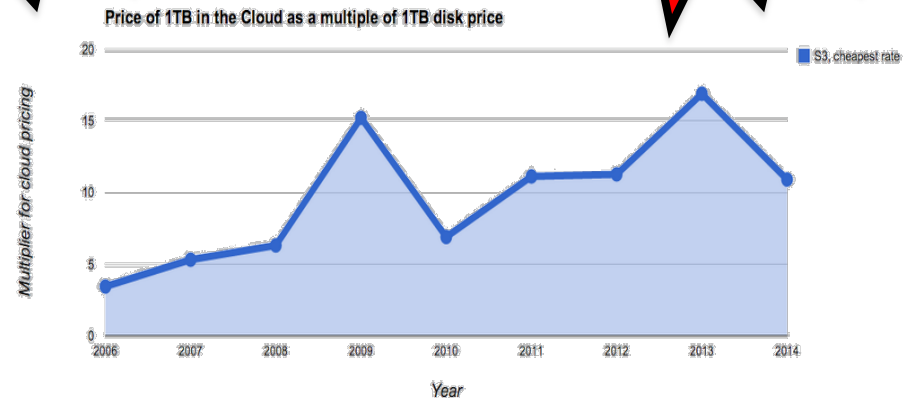
China Continues to Block Dropbox Cloud Storage

**Dropping Dropbox: Exploring
alternatives**

- Cloud services have massive user base 400M+
- Most users don't pay for cloud services (97% don't pay)
- Cloud services cost more to run than they make per user resulting in massive losses (Box losing \$160M on \$110M in revenue)
- The economics are getting worse not better
- Race to the bottom
- Growing privacy concerns
- Dramatic 10B+ private valuations

Business
Model

Cost!



On Privacy...

A lot of people have been caught off guard. I don't think it was what many people thought about as they built these companies and technologies.



Aaron Levie
CEO Box

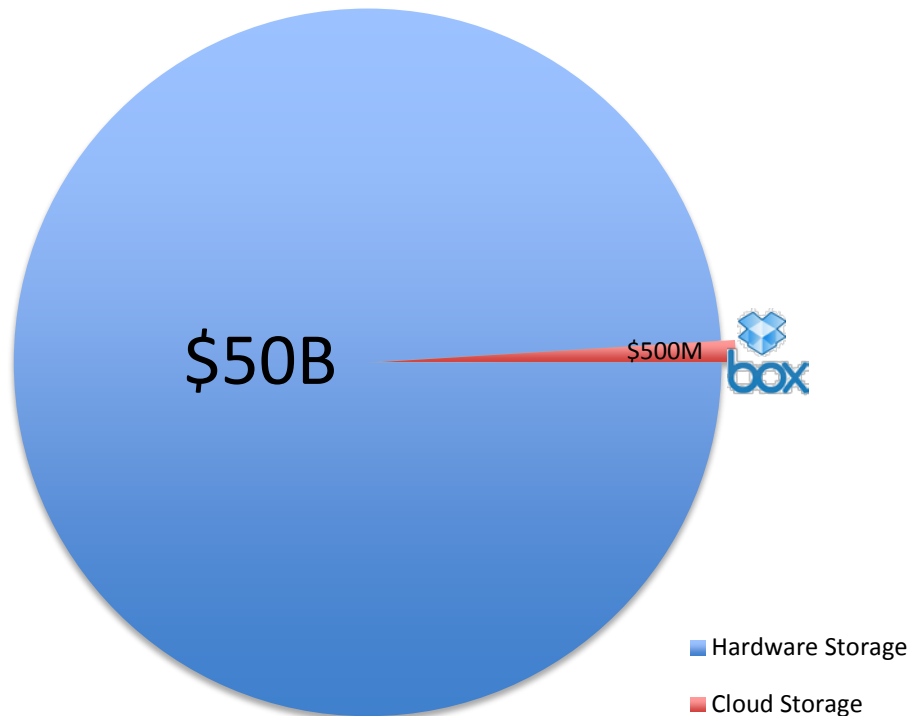
Silicon Valley is quite oblivious to the degree to which this crescendo of concern is building up in Europe. It's an extremely important thing and Silicon Valley is underestimating it badly.



Peter Thiel

Source : Financial Times, "Tech chiefs in plea over privacy damage"

Enterprise Storage Market – Hardware Still Rules



- Most Enterprise storage revenue is in hardware
- Storage hardware is growing at 10% annually
- Pure cloud services are having little impact so far and growth is slowing
- Enterprises want to purchase and deploy hardware despite the fact users love the Dropbox model of file management





File Sharing - Pre-Cloud

File Sharing NFS & SMB (CIFS)

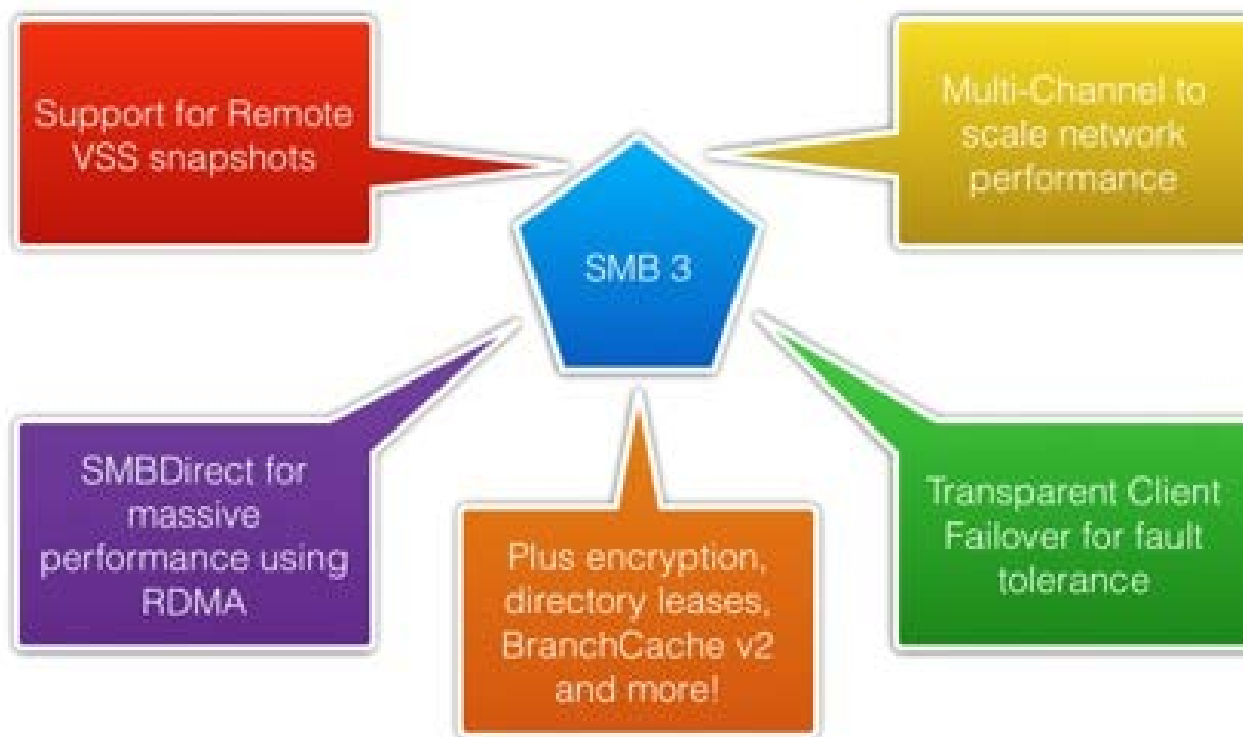
- Traditional file sharing protocols implemented on file servers or NAS appliances
- SMB was invented in 1990, SMB 2.0 was released in 2006, SMB 3.0 in 2012
- NFS was invented in 1984, NFS v3 in 1995 and NFS v4 in 2000

File Sharing NFS & SMB (CIFS) #2

- Little has changed in this world from a users standpoint
- Key issues :
 - Very poor wide area or mobile support
 - File system is organized in one way only
 - IT support is required to make basic changes

SMB 3.0, still for files or really a block level replacement?

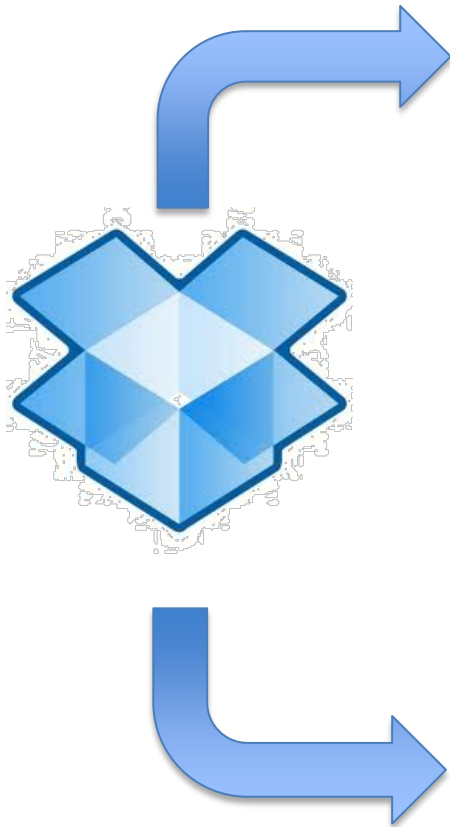
Big New Features in SMB 3





Dropbox Changed Everything

Dropbox, really two things seen as one



A New Way of Managing and Sharing Files :

- #1 : Sync
- #2 : Shared Folder
- #3 : Links
- #4 : Versioning
- #5 : Mobile File System

Cloud Implementation

Dropbox Innovations #1 : Sync

- Sync Files
 - Replaces VPNs, Copy-Edit-Replace
 - Better because:
 - The user doesn't make multiple copies of the same file
 - Much faster than a file share, especially over the wide area

Dropbox Innovations #2 : Shared Folders

- Shared Folders
 - Replaces CIFS, NFS
 - Better because:
 - The user can share with whomever they want, when they want
 - No need to involve IT
 - Each user can self organize their own file tree and name folders
 - THIS IS VERY IMPORTANT

Key Dropbox Innovations #3 : Links

- Links to Share Individual Files
 - Replaces Email
 - Better because:
 - No file size limits
 - Many fewer copies of the same file are being made

Key Dropbox Innovations #4 : Versioning

- Simple Access to File Versioning & Auditing
 - Replaces backup
 - Better because:
 - The user can simply recover deleted or modified files
 - Users can see who did what when to files and folders

Key Dropbox Innovations #5 : Mobile

- True mobile access and a mobile file system
 - Replaces NAS mobile add-ons
 - Better because:
 - Files are available anywhere without a VPN
 - Mobile apps can share a common file system
 - You don't have to understand anything about the underlying topology

Dropbox file management is not the cloud!

This is a new, better way of
managing files,
not an attribute of cloud storage

(It really needs but doesn't have a name!)



The Post NAS World

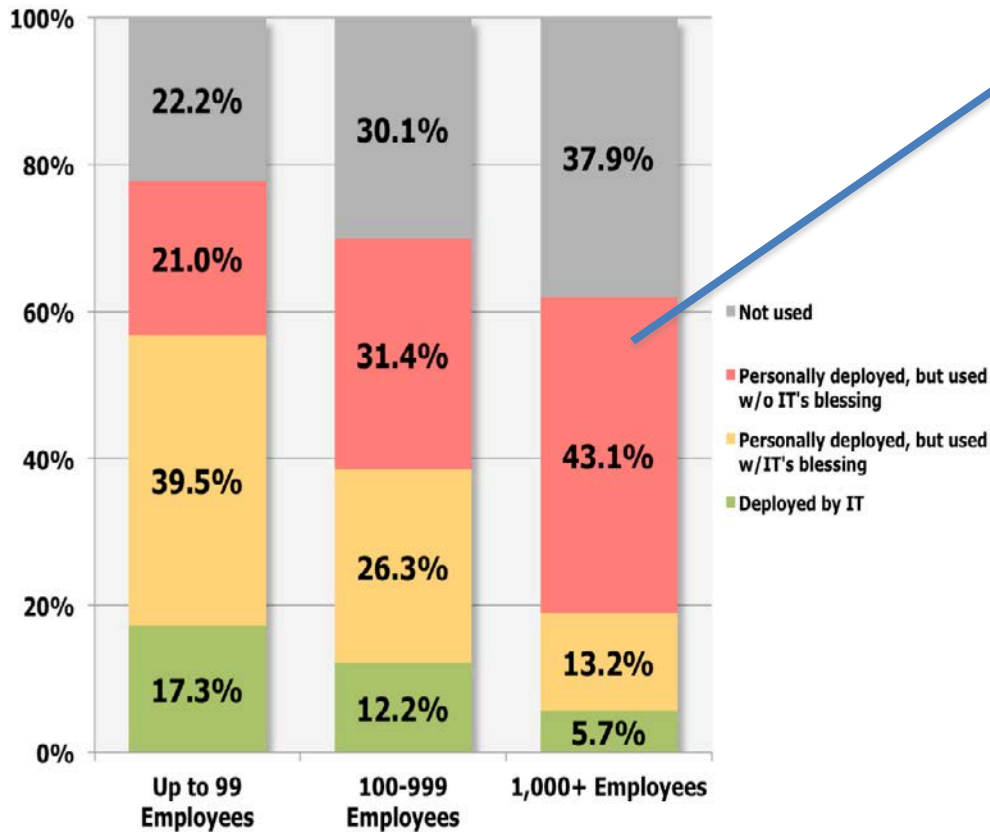
The Post-NAS world isn't necessarily a cloud world

It's been said many times that everything is going into the cloud because nobody wants to manage their own storage ...

... but actually there is little evidence that this is true and quite a bit to the contrary.

The Problem Facing CIOs....

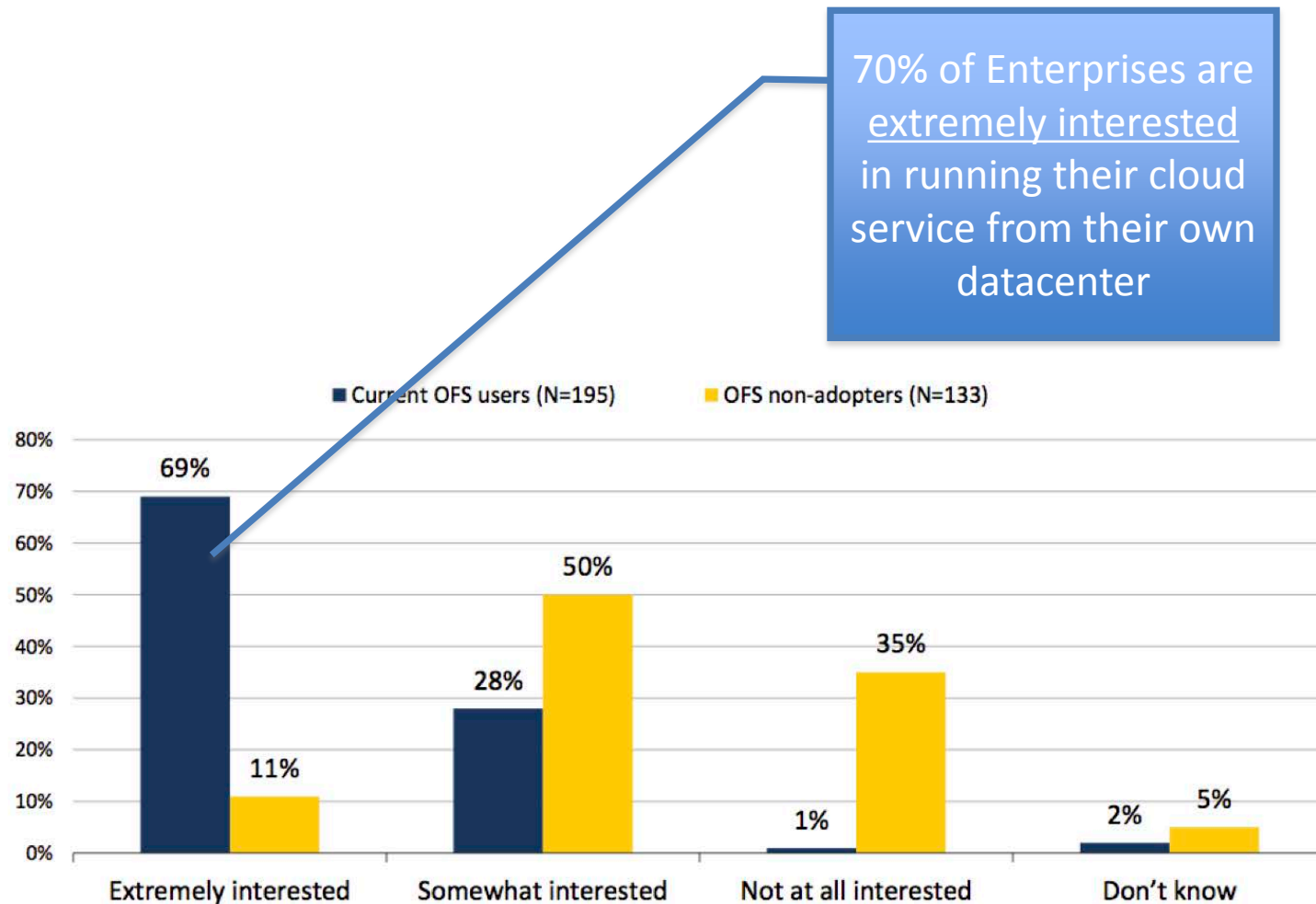
Deployment Models for Dropbox by Organization Size



Source: Osterman Research, Inc.

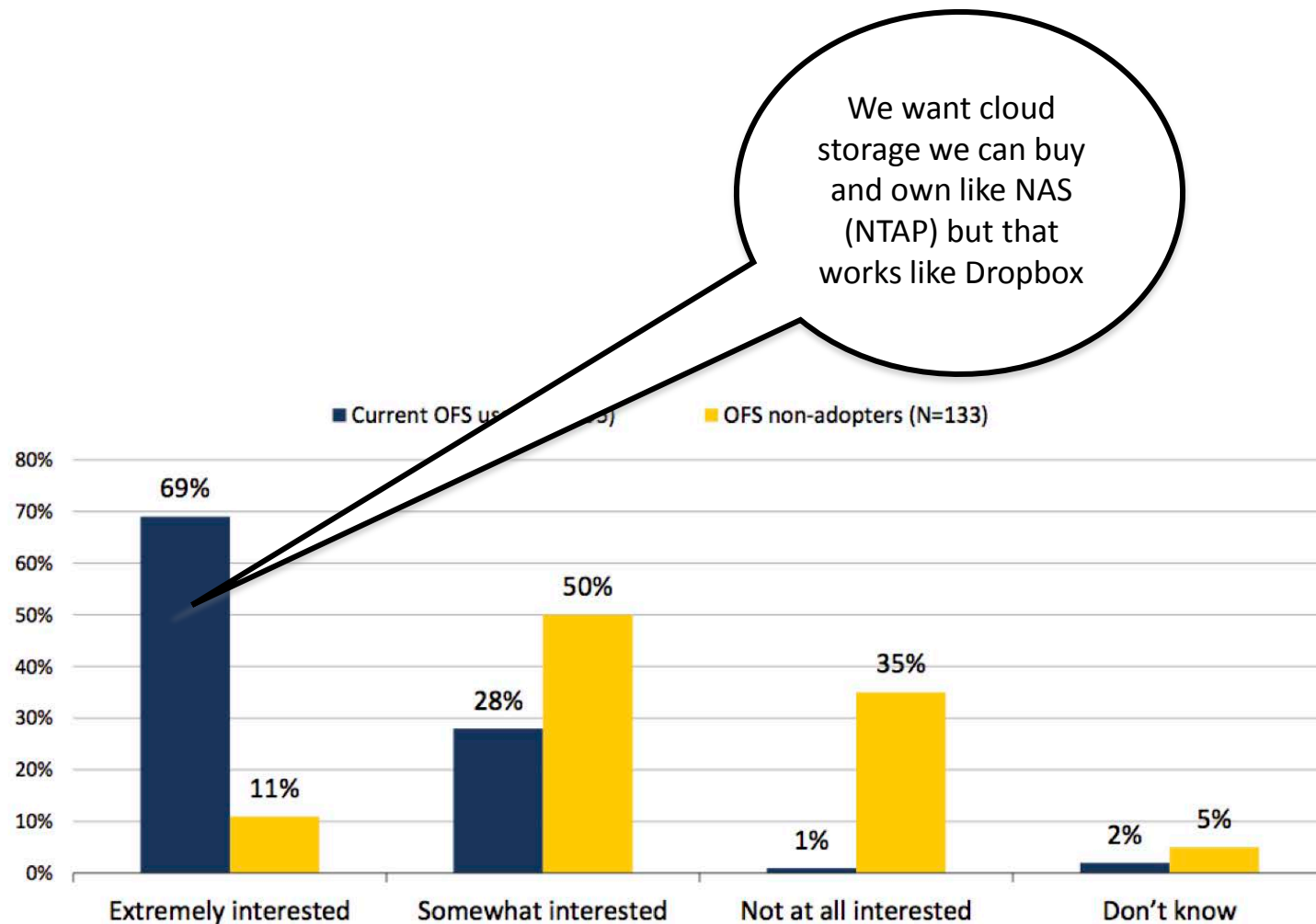
Dropbox is out of control in the enterprise with 43% of users using it instead of legacy IT NAS systems against the wishes of corporate IT

... and how Enterprises want to solve the issue.



Source: Enterprise Strategy Group, 2014.

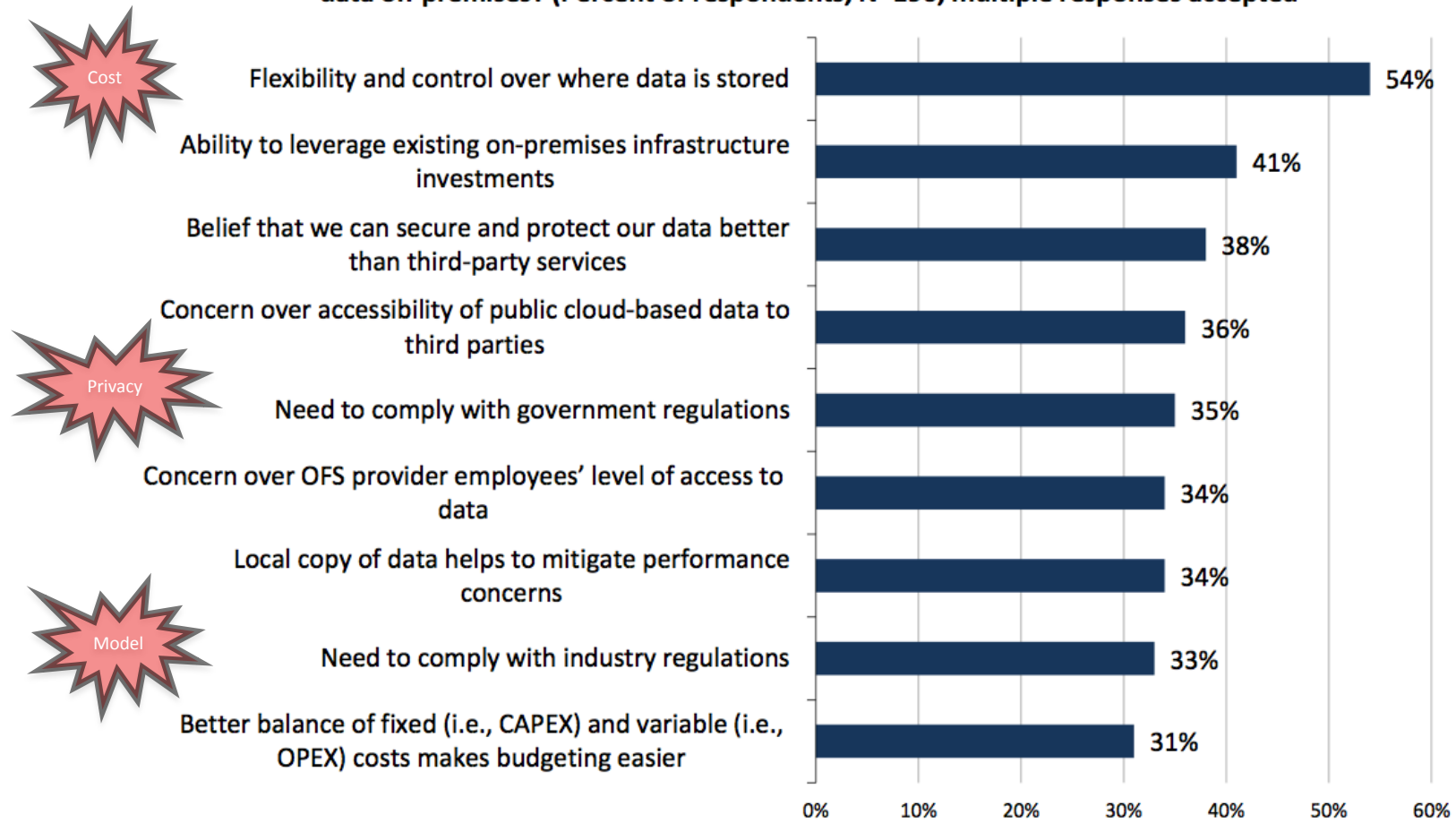
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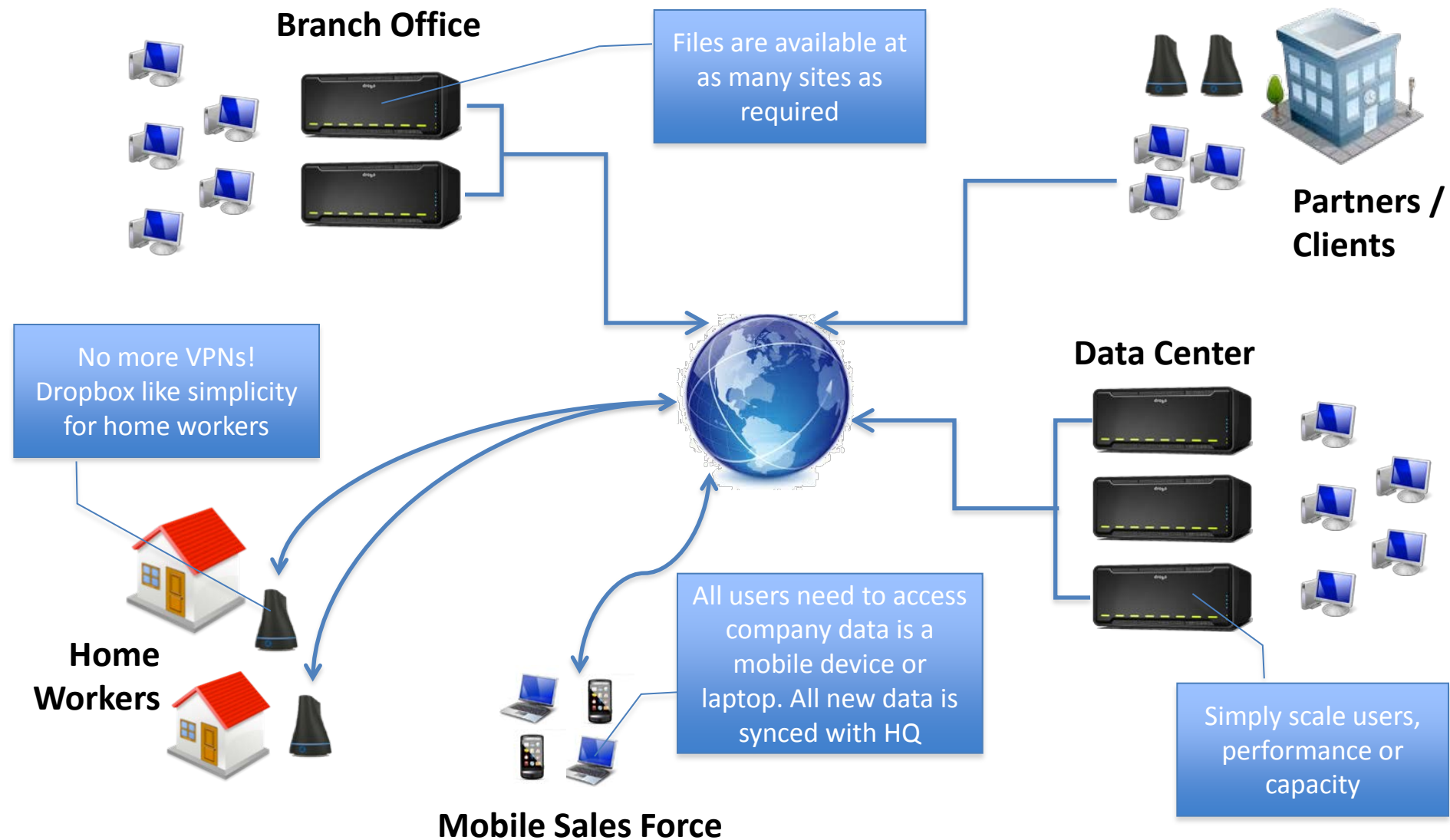
The Reasons why Enterprises don't want to use the public cloud....

You indicated that your organization would be interested in the ability to store some or all of its data on-premises. What is driving your organization's interest in keeping its data on-premises? (Percent of respondents, N=190, multiple responses accepted)

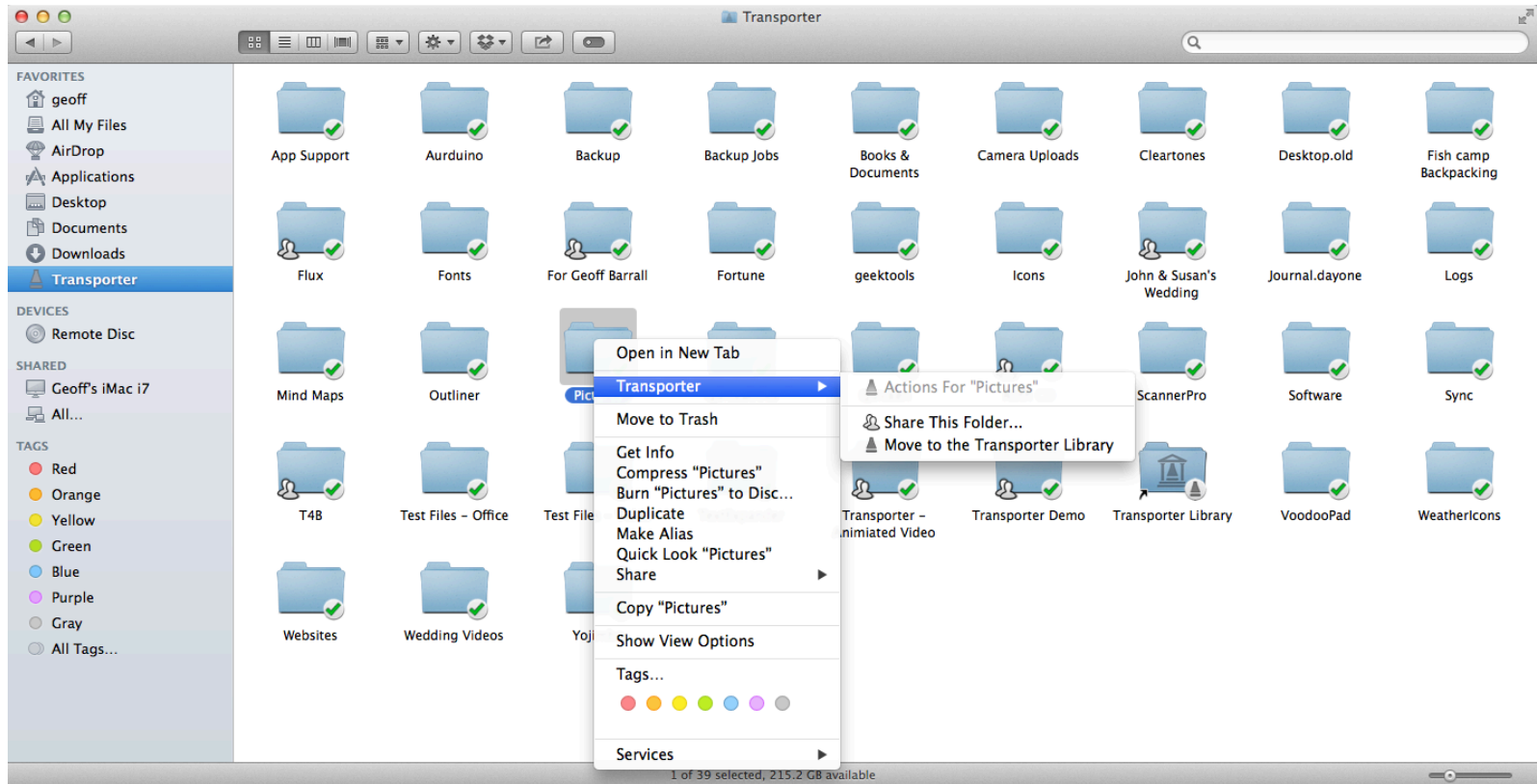


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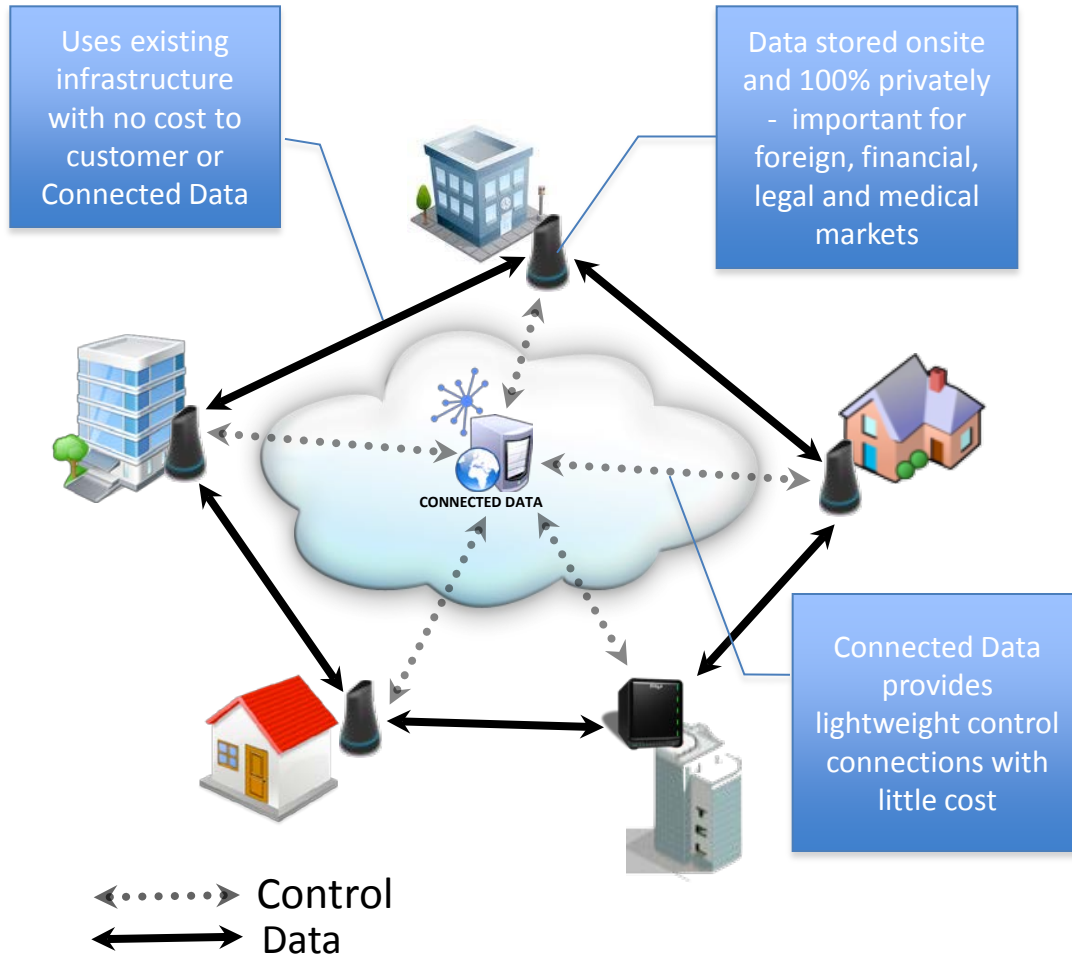
The Post NAS World (or is this NAS 2.0?)




The user simply gets the Dropbox experience they love...



Example : Transporter



- Transporter uses existing infrastructure and purchased Transporter devices meaning it is highly profitable avoiding the backend costs that plague traditional cloud companies
- This is exactly the same kind of disruption Skype brought to traditional telcos 
- For customers this means that it's 100% private and data is stored onsite only. It is the only cloud that meets the needs of legal, financial and medical companies and also new anti-public-cloud legislation in countries like Germany, Japan, Russia and China.

In Conclusion....

- The relevance of SMB & NFS for file sharing and collaboration is in rapid decline
- Dropbox invented a whole new, better way to manage files
- This new method isn't the cloud, that's just the way it was first delivered
- New appliances can be designed that deliver the same benefits as the public cloud while preserving the privacy and control required by enterprises and the public



Thank You