

## As its archive hits the 100-customer plateau, ProStor eyes move to the cloud

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**ProStor Systems'** RDX licensee **Imation** recently inked a 10-year license extension for ProStor's removable hard drive data storage format, and also made a \$5m investment in the privately held company. Tape automation vendor **BDT AG** recently signed on as ProStor's third licensee for RDX, joining existing partners Imation and **Tandberg Data**, and will use the technology to build a new line of multi-terabyte data-protection systems. Meanwhile, ProStor says it has exceeded the 100-customer mark for its InfiniVault archive platform, which caters to the SMB market. And it expects to add connectivity to cloud storage service providers this summer.

### The 451 take

Although it has taken more than two years for ProStor to hit the 100-customer mark with its InfiniVault archive platform, in that span of time none of the existing enterprise-class vendors has made a move to challenge ProStor in the underserved SMB archiving space. With the continuing decline of tape- and optical-based storage, ProStor has an opportunity to not only grow its RDX licensing business but also to build up its InfiniVault customer base. The move to add cloud storage connectivity to InfiniVault is a good one, given that cloud archiving has the potential to evolve into the preferred data landing point for SMBs and large companies in the future.

In cloud storage implementations, ProStor's removable RDX media could become a major benefit since the media can be shipped to a service provider for rapid data uploads, which would make it an attractive addition for on-premises nodes that connect customers to storage clouds. ProStor is using its funding to accelerate its sales and marketing efforts to broaden its reach into new markets such as storage systems, and to strengthen and expand its network of resellers.

Toward the end of 2009, ProStor, which has pioneered a removable hard drive format, put out feelers to investigate funding options both through strategic partners and VCs, and reeled in \$5m from RDX licensee Imation. The vendor is delaying profitability until 2011 (a year off its initial projections) to focus on growth, and recently tripled its sales and marketing teams to 12 employees out of a total headcount of 45. ProStor isn't ruling out an additional VC funding round – it has \$23.4m in VC funding to date – though it says it will only raise further funds to accelerate sales.

The vendor claims sales of its InfiniVault archive system, which combines its RDX drives and archiving software into an appliance format, picked up rapidly in the second half of

2009, growing from roughly 25 customers to more than 100. Average deal size has crept up to \$20,000 and the vendor is now seeing customers starting to purchase multiple units to utilize InfiniVault's replication capabilities to reel in data from remote offices to central sites. Document imaging (for financial services, gaming and local and state government customers) and healthcare have been ProStor's main markets so far, and it hopes to expand into digital video archiving and digital asset management later this year. InfiniVault is on track to represent two-thirds of the vendor's total revenue in 2010, with the rest coming from its RDX licensing business.

ProStor plans to add cloud storage connectivity to InfiniVault this summer by integrating with the APIs of a handful of key players, including **Amazon's** Simple Storage Service. The vendor believes its removable RDX media will be a significant differentiator in this space, given that this technology allows customers to securely ship data to cloud storage providers for rapid data uploads – in contrast to WAN-based uploads, which can take days or weeks to complete data transfer to the cloud.

## Competition

ProStor claims RDX media is the next logical step for SMBs looking beyond optical and tape storage media – this assertion has some weight behind it now that the vendor has signed on tape automation licensee partners Tandberg Data and BDT AG. The RDX footprint is sizable, with more than 250,000 docks sold primarily through major server OEM partners **Dell, Hewlett-Packard, IBM, Fujitsu** and **NEC**, and more than 100PB of RDX cartridge capacity sold so far. ProStor's media capacity got a significant boost from 500GB per cartridge to 640GB in November 2009, which when combined with the declining price of hard drives has dropped RDX's pricing to \$0.45 per GB; an additional capacity jump to 1TB media is expected later this year. ProStor sees an opportunity to gain SMB market share at the expense of the new DAT 320 tape format, which is not compatible with older DAT drives such as the DAT 72. The vendor is now speaking with network storage vendors about the prospect of adding its RDX docks to their systems to expand beyond servers.

Although there are content-addressed storage systems in the enterprise market such as **Nexsan Technologies'** Assureon SA, **EMC's** Centera and **Hitachi Data Systems'** Hitachi Content Archive Platform, InfiniVault has a considerably lower price point (it starts at less than \$10,000), which is appropriate for SMB customers. Compared to archives with conventional disks, ProStor claims RDX has an edge since its idle media does not consume power or generate heat.

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