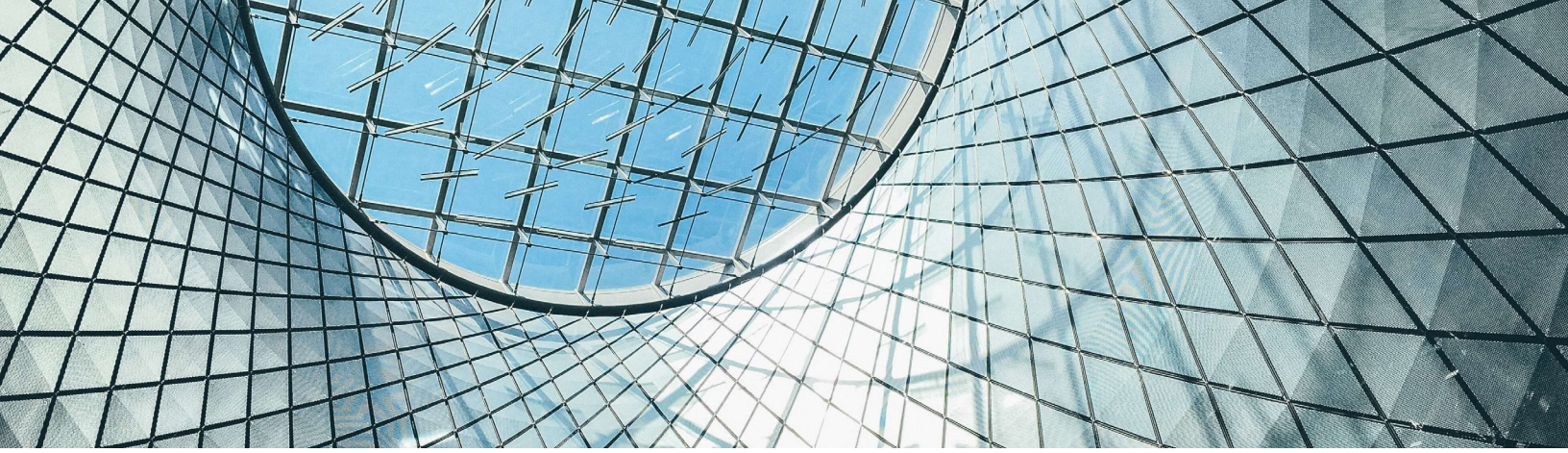

451 Research Market Insight Report Reprint

NetApp sets foundation for Intelligent Data Infrastructure

October 7, 2024

by Henry Baltazar

The NetApp Insight 2024 event had several key announcements around its Unified Data Storage and Intelligent Services initiatives. The vendor's ransomware recovery and public cloud storage services also got updates likely to appeal to organizations building hybrid and multicloud infrastructures.

S&P Global
Market Intelligence

This report, licensed to NetApp, developed and as provided by S&P Global Market Intelligence (S&P), was published as part of S&P's syndicated market insight subscription service. It shall be owned in its entirety by S&P. This report is solely intended for use by the recipient and may not be reproduced or re-posted, in whole or in part, by the recipient without express permission from S&P.

Introduction

The NetApp Insight 2024 event unveiled several key announcements around its Unified Data Storage and Intelligent Services initiatives. New block storage and hybrid flash systems filled portfolio gaps while providing customers with enhanced performance capabilities and simplified fleet management through BlueXP. NetApp Inc. also provided a glimpse of its Disaggregated Storage Infrastructure, which provides the independent scaling of compute and storage resources that is essential for running data services and for AI workloads. The vendor's ransomware recovery and public cloud storage services also received substantial updates that should appeal to organizations building hybrid and multicloud infrastructures.

THE TAKE

NetApp continues to improve the performance, manageability and cost efficiency of storage systems; block storage systems are the focus of the current launch and will likely have an impact on their near-term growth. The recently unveiled Intelligent Data Infrastructure vision represents the future of NetApp not only as a storage player, but also as a vendor that can help organizations extract the maximum value of data. Logical adjacent markets for expansion have been ransomware recovery and hybrid and multicloud storage, and the new vision should accelerate these current initiatives and drive NetApp innovation into key areas such as observability, FinOps and data services. An important step in this evolution is NetApp's upcoming Disaggregated Storage Architecture, which allows future expansion into data services by introducing separate data and application nodes into the portfolio to facilitate independent expansion of storage capacity and compute performance to match workload requirements. The AI market opportunity could drive NetApp's future innovation; the vendor seeks to help customers by making it easier to run AI anywhere that storage systems or services reside, including on-premises, public cloud storage or other service-provider environments.

Context

Coming off of its Q1 FY2025 results (the period ending July 26, 2024) in which NetApp posted net revenue of $1.54 billion, representing an 8% year-over-year increase, the vendor held its annual NetApp Insight 2024 conference in Las Vegas. The vendor continues to make strides in key areas of storage innovation, including all-flash array where its annualized net revenue run rate hit $3.4 billion, which was a 21% year-over-year improvement. Revenue for the vendor's first-party and marketplace cloud storage services also grew 40% year over year.

To accelerate its growth and change perceptions on its future market role, NetApp is focusing its efforts on fulfilling its ambitious Intelligent Data Infrastructure vision, which is built on top of the following three pillars:

- Unified Data Storage: Includes storage systems, storage as a service (STaaS) and public cloud storage services that NetApp claims are designed to manage any data type, workload or application across any environment, including on-premises, public cloud and edge.
- Intelligent Services: Includes data and AI services for security, data protection, governance and mobility, in addition to infrastructure and workload services like observability, optimization, FinOps and managed open source.
- Solutions: Includes use case solutions and industry solutions, which NetApp is committed to deliver through the right partners, integrations and solutions, and will target use cases and workloads across every environment.

NetApp also had a number of key announcements for its Public Cloud Storage and its managed open-source software offerings such as Instaclustr, which we explored in this report.

©Copyright 2024 S&P Global Market Intelligence. All rights reserved.

New ASA and FAS updates drive performance, ease-of-use improvements

NetApp launched the new ASA A-Series in addition to the FAS 70 midrange and FAS 90 high-end FAS systems. The ASA A-Series can be deployed in minutes and can be unpacked quickly from eco-friendly packaging and has automated network configurations for rapid setup. The vendor claims the new ASA A70 is up to 109% faster than the current ASA A400, while the new ASA A90 is 88% faster than its predecessor, the ASA A800. At the high end, the ASA A1K is 50% faster than the ASA A900. The vendor claims the new ASA A-Series systems can scale up to 9 petabytes (PB) of effective capacity in HA configurations and can expand to 54 PB effective capacity in cluster configurations with up to 12 nodes.

In the secondary storage space, the new FAS 70 and FAS 90 are hybrid flash storage systems that are targeted for data tiering, backup and cybervault use cases. The vendor claims the FAS 70 is up to 85% faster than FAS 8300 while the FAS 90 is 35% faster than the FAS 9500, while also reducing rack-space consumption by up to 33%.

BlueXP added enhancements across several dimensions including ransomware protection, data classification, storage systems management and a new BlueXP workload factory advisor that helps VMware customers migrate and replatform to AWS EC2. The BlueXP unified hybrid control plane has added new AI-enhanced software update capabilities to centralize ONTAP updates at a fleet level and can identify clusters that are good candidates for updates and has automated hardware and software compatibility prechecks to reduce the risk of failed updates or system outages during updates.

In the ransomware recovery space, the ONTAP AI-powered Autonomous Ransomware Protection (ARP) offering, which provides file-based real-time ransomware detection and detects malicious file encryption with over 99% precision and recall, became generally available. ARP responds to security threats by creating immutable data snapshots to facilitate recovery operations. New additions to the BlueXP ransomware protection service includes the capability to prioritize workload protection by using BlueXP classification to identify the most critical assets and apply the proper protections, as well as integrating the user entity behavioral analytics (UEBA) from Data Infrastructure Insights to detect/respond to insider threats. These features of BlueXP ransomware protection will become available by the end of 2024.

Data Infrastructure Insights, Disaggregated Storage Architecture show future direction

NetApp rebranded Cloud Insights as Data Infrastructure Insights, which not only provides a new name but also a change in product direction, with the management platform having an expanded charter to control the performance, utilization and health of both on-premises and cloud workloads. The vendor's Keystone STaaS offering will be adding Data Infrastructure Insights as a service offering that customers can purchase either from NetApp or a partner. The pricing for management service will be tied to the amount of storage and the tier of the storage consumed.

At the event, NetApp unveiled its upcoming Disaggregated Storage Architecture, which will provide the ability to independently scale up compute and storage capacity. The new architecture will have dedicated storage and application nodes that will run data services. Disaggregated Storage Architecture means every controller node will be able to access every storage shelf to ensure individual controllers are not oversaturated by workloads. NetApp currently does not have an expected availability date for this new architecture. The compute capabilities in this new architecture will be used specifically to run data services such as the metadata engine and will not be used to run general-purpose applications.

©Copyright 2024 S&P Global Market Intelligence. All rights reserved.

Addressing AI opportunity though partnerships, AI Data Engine

NetApp is addressing the AI market by helping its customers bring AI to their data regardless of where that data is stored. The vendor's AI data pipeline is built on a three-layer stack, which begins with intelligent data services for AI that include the development of a new global metadata namespace, allowing customers to find data regardless of where it lives and use that information to efficiently fill AI data pipelines. The new Data Explorer within BlueXP allows clients with appropriate permissions to send natural language queries to find the data they require and create data collections to facilitate training and retrieval augmented generation (RAG). The NetApp AI Data Engine is the next tier in the stack and will be able to monitor data as it is updated, classify it and then feed it to vector databases, all without having to move data around for processing. Development of the NetApp AI Data Engine will take a few years to complete.

The third layer of the stack calls for NetApp to develop the best infrastructure for AI, which will also require close collaboration with partners. An example of this strategy is the testing currently underway for NVIDIA Corp.'s DGX SuperPOD support on the recently announced NetApp AFF A90. NetApp currently has SuperPOD certification with its E-Series platform, although the next round of testing will be the first to add SuperPOD certification on an ONTAP storage system, which will allow customers to leverage NetApp data management capabilities. The NetApp AIPod with Lenovo for NVIDIA OVX recently became generally available and is targeted for inferencing and RAG.

Domino Data Lab and NetApp announced that the Domino Cloud is moving to Amazon FSx for NetApp ONTAP to provide Domino datasets with enhanced performance and cost efficiency. Using Amazon FSx for NetApp ONTAP accelerated write speeds by 417% and reads were 94% faster. The vendors claim the new partnership will accelerate model development by making it easier for teams to share data. Domino Cloud powered by Amazon FSx for NetApp ONTAP is available now on AWS Marketplace.

Competition

NetApp encounters key rivals such as Dell Technologies Inc., Hitachi Vantara, Hewlett Packard Enterprise Co., IBM Corp. and Pure Storage Inc. that have broad product portfolios covering primary and secondary storage use cases. All these vendors are keenly focused on a number of industry trends and customer requirements, including infrastructure for artificial intelligence, ransomware protection, and the transition to hybrid and multicloud environments.

Beyond these players, NetApp's StorageGRID vies in the object storage space with specialists such as Cloudian, Datacore (Caringo), Scality and VAST Data, in addition to public cloud storage specialists like AWS, Microsoft Corp. (Azure), Backblaze Inc., Seagate Technology Holdings Inc. (Lyve Cloud) and Wasabi Storage.

©Copyright 2024 S&P Global Market Intelligence. All rights reserved.

SWOT Analysis

STRENGTHS

NetApp is well known for its unstructured data storage and has now fortified its block storage to accelerate its growth. The vendor was a pioneer in cloud storage and is now expanding its portfolio to fulfill its vision for Intelligent Data Infrastructure.

WEAKNESSES

The vendor is primarily known for storage systems and cloud storage and has not had success selling compute to its customers.

OPPORTUNITIES

Intelligent Data Infrastructure highlights the value of NetApp's portfolio not only at the core systems level, but also on the data services and solutions level, which could expand its commercial reach to existing and new customers.

THREATS

The storage systems space is still highly competitive. Although NetApp has offerings in the public cloud space, services from hyperscalers and other cloud providers is affecting on-premises storage spending for some organizations.

©Copyright 2024 S&P Global Market Intelligence. All rights reserved.

CONTACTS

Americas: +1 800 447 2273
Japan: +81 3 6262 1887
Asia-Pacific: +60 4 291 3600
Europe, Middle East, Africa: +44 (0) 134 432 8300
www.spglobal.com/marketintelligence
www.spglobal.com/en/enterprise/about/contact-us.html

Copyright © 2024 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global keeps certain activities of its divisions separate from each other to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its websites, www.standardandpoors.com (free of charge) and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.