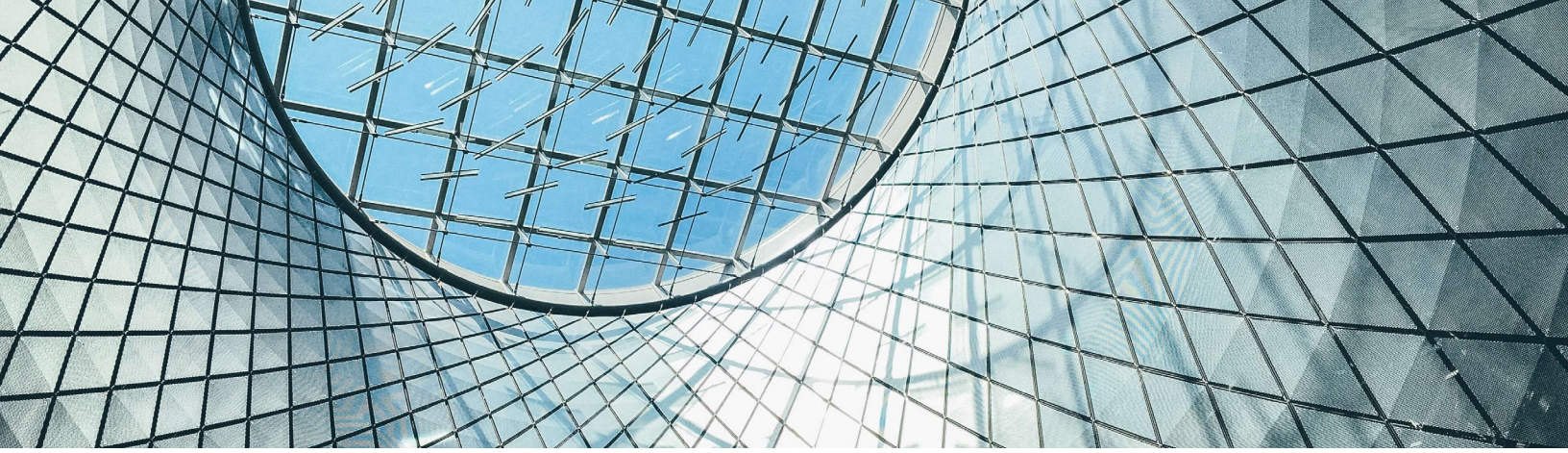

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NetApp refreshes unified and object storage lineup, hardens security capabilities

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by Henry Baltazar

The vendor's latest launch addresses areas such as cost efficiency, ransomware protection and storage for AI workloads, while updating its unified and object storage systems. NetApp's most recent quarter showed gains in key segments such as all-flash arrays, reflecting the progress it has made with the capacity flash systems it introduced in 2023.

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Introduction

With Spring 2024, NetApp Inc. addresses key topics, such as cost efficiency, ransomware protection and storage for AI workloads, while refreshing its well-known unified and object storage systems. The vendor's most recent quarter showed gains in key segments such as all-flash arrays, reflecting the progress it has made with the capacity flash systems it unveiled in 2023.

THE TAKE

NetApp's latest earnings report indicates that its efforts to expand its all-flash array (AFA) product line with capacity flash and block-optimized storage have yielded significant gains, while eliminating key portfolio gaps relative to rivals. Its Spring 2024 release covers all of the relevant bases for on-premises infrastructure, including system refreshes, ransomware recovery and storage infrastructure to support AI workloads. The system updates should help the vendor maintain its momentum, and refreshed capabilities such as enhanced real-time ransomware detection should provide differentiation in the highly competitive storage systems space.

Given that NetApp does not sell its own servers, its growing partnerships with NVIDIA Corp. and Lenovo Group Ltd. will be needed to equip customers with complete infrastructure tools to address challenging new workloads such as generative AI. The company continues to be a leader in the public cloud storage sector, although its revenue has been flat in that area.

Context

In its fiscal Q3 2024 (ending Jan. 26, 2024), NetApp reported net sales of $1.61 billion, which was a 5% year-over-year increase from $1.53 billion a year ago. Hybrid cloud accounted for $1.46 billion while public cloud generated $151 million, which was flat compared with $150 million a year ago. To return its public cloud unit to growth, the company is focusing its efforts on the hyperscalers and its first-party cloud services, while discontinuing offerings such as its Spot PC virtual desktop infrastructure and its SaaS backup business. NetApp claims that its public cloud annual recurring revenue reached $608 million, which was flat compared with the ARR of $605 million last year.

NetApp's all-flash array product line was a key area of growth, with ARR increasing 21% to $3.4 billion compared with $2.8 billion in 2023. The company closed several eight-figure deals for flash storage in its third quarter, including a deal with one of the largest oil and gas companies, which is running NetApp's storage to support its AI supercomputer. The vendor's Spring 2024 release is focused on bolstering its on-premises unified and object storage systems and adding capabilities such as a cyber vault for data protection against ransomware. In the second half of the year, NetApp's launch will cover innovations on public cloud and areas such as optimization and infrastructure management.

In the storage-as-a-service space, the company claims that its Keystone offering grew triple digits in Q3 and is positioned as an offering for customers that want a cloud-like operating model for their on-premises environments. While Keystone is a flexible consumption option for customers, NetApp views its cloud offerings as the ultimate STaaS option and is focused on giving customers procurement tools without pushing one model over another.

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Unified, object storage gain performance, efficiency boosts

While last year's release expanded the vendor's capacity flash lineup and block-optimized storage arrays, this year the focus is on refreshing its existing AFF unified storage systems and its StorageGRID object storage lineup. The updated AFF A-Series is NetApp's top choice for VMware database and AI workloads where performance and consistency are required. The company reports that the systems will have up to two times the performance of their predecessors, with up to 40 million input/output operations per second in transactional performance and 1-terabyte-per-second throughput performance.

From a cost-efficiency perspective, the vendor asserts that the AFF A-Series will have a 50% enhancement on dollar per input/output operations per second, a 55% improvement on dollar per throughput and a 45% boost on dollar per density, which is important both in terms of cost and for environmental, social and governance requirements. In 451 Research's Voice of the Enterprise: Storage, ESG Attitudes 2023 survey, 56% of respondents cited storage system power efficiency and rack space consumption as "very important" when deciding which storage products to use in their datacenters, while 35% said this was "somewhat important."

The latest AFF A1K represents the fastest configuration for NetApp's unified storage and can scale up to 3.7 petabytes of raw capacity (15.5 PB effective) in a high-availability configuration, and 44 PB (185 PB effective) in a cluster configuration. From a hybrid cloud perspective, the company touts its ability to offer consistent and comprehensive data management and protection across primary, secondary and cloud storage as its key differentiation over rivals, since it ultimately lowers costs across a customer's entire data life cycle — from production to archiving.

The updated AFF A-Series will also be employed within the NetApp AIPod architectures, which leverage NVIDIA's DGX H100 system. NetApp is using the AFF A-Series for fine-tuning and enterprise model training. The vendor touts that its data management capabilities will allow customers to simplify, accelerate and integrate their data pipelines for machine and deep learning with NVIDIA's validated offerings, which should also eliminate infrastructure silos and help customers unify AI workloads.

A NetApp AIPod with Lenovo for NVIDIA OVX slated for this summer is marketed as a complete infrastructure for generative AI applications such as chatbots and co-pilots. The product deploys Lenovo servers, including the high-performance ThinkSystem SR675 V3 servers, and utilizes NVIDIA's L40S GPUs and Spectrum-X Networking.

The latest ONTAP 9.15.1 update adds SnapMirror active-active synchronization to offer bidirectional synchronous replication and give customers active-active and read/write access, which is required for transparent application failover and load balancing. Additionally, ONTAP 9.15.1 adds write-back caching capabilities to NetApp's popular FlexCache offering, which will support distributed product development across multiple sites, while eliminating WAN latency for writes. To enable this, distributed lock management has been added to prevent data corruption when multiple users and applications access and write data from different locations.

NetApp StorageGRID includes several new hardware appliances, including the high-performance SG6160, high-capacity SG5860 and entry-level SG5812 nodes. The SGF6112 storage shelf now has QLC media to lower costs per GB for all-flash object storage. To enhance management and load balancing for StorageGRID clusters, SG110 and SG1100 service appliances have been added to the portfolio.

Ransomware protection

NetApp's cyber vault provides customers with an immutable storage repository with logical air gap to protect backups and snapshots and to facilitate rapid recovery for on-premises storage systems. The cyber vault can use lower-cost hybrid storage with hard drive and flash mediums to reduce storage costs. On the back end, the architecture automatically tiers older data from primary systems to the StorageGRID object storage platform, which can also function as a low-cost, off-site copy for remote data protection if a disaster strikes the primary datacenter. Within the architecture, the integrated storage efficiency keeps data de-duplicated and compressed to accelerate recovery if remote copies need to be recovered over WAN links.

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Another important component is autonomous ransomware protection, which was built into ONTAP and automatically detects file system anomalies in real time. The technology deploys AI technology that NetApp developed in-house, and it reportedly now scans at 99% accuracy. The company is not positioning the real-time detection as a replacement for the scanning that some backup and secondary storage providers already offer, although it notes that its tool immediately detects ransomware attacks and could reduce the potential damage from these incidents and improve recovery point objectives (RPOs) to minimize data loss and downtime. In contrast, a secondary storage scan could potentially occur hours later when the backups are run, which would give the attack more time to spread across the production environment.

Competition

NetApp encounters key rivals such as Dell Technologies Inc., Hitachi Vantara, HPE, IBM Corp. and Pure Storage Inc. that have broad product portfolios covering primary and secondary storage use cases. All of 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.

SWOT Analysis

STRENGTHS

NetApp continues to be a leader with both its on-premises storage systems and cloud storage offerings, which are available as a first-party service in all of the major clouds. Its latest refresh cycle gives the vendor's unified storage and StorageGRID object storage significant performance and efficiency boosts.

WEAKNESSES

Its public cloud segment revenue and ARR were flat year over year, which is driving NetApp to focus its efforts on higher-value opportunities such as its first-party cloud storage services with hyperscalers.

OPPORTUNITIES

NetApp's cyber vault gives customers a hardened, immutable storage environment that can leverage lower-cost storage. Its latest ransomware detection capabilities enable customers to detect the primary storage level for enhancing RPOs.

THREATS

The storage systems segment continues to be highly competitive. NetApp and its rivals must also contend with public cloud storage services, although NetApp's first-party cloud offerings have an advantage since hyperscalers are selling and running them.

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