

NETAPP RECEIVES THE 2023 COMPETITIVE STRATEGY LEADERSHIP AWARD

*Identified as best in class in the global cloud
operations industry*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. NetApp excels in many of the criteria in the cloud operations space.

AWARD CRITERIA	
<i>Strategy Innovation</i>	<i>Customer Impact</i>
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

Industry Challenges

Enterprises around the world continue to leverage the agility and scale of the cloud to power their digital transformation efforts. However, the growing adoption of cloud infrastructure and platforms has been accompanied by soaring complexity and costs. Frost & Sullivan's 2021 Cloud User survey of 803 IT and business decision-makers indicates that 53% of enterprises consider "managing costs" in the cloud to be a "critical" or "very important challenge."

Enterprises typically start their cost optimization journeys with one of the freely available native tools offered by the public cloud providers they employ. Some companies never think to explore a paid third-party cloud optimization service, especially in cases where they use only one cloud infrastructure provider or where the cloud spend is a small percentage of overall IT budget. However, as hybrid and multi cloud deployments become the standard, organizations have been trying to restore the cost consciousness that existed when the IT estate lived entirely on premises. As a result, cloud cost optimization has risen to the top of the list of services that enterprises engage third-party service providers for.

NetApp's Transformation from Storage to Cloud

Founded in 1992 and headquartered in San Jose, California, NetApp has been a leading vendor in the on-premises storage and data management space for decades. Over the past three years, the company has undergone a remarkable transformation, significantly expanding its portfolio to become a dominant player in the CloudOps market.

NetApp began its transformation by solving for storage and data management in the cloud. However, the company soon discovered that as the enterprises they worked with operated greater portions of core applications in the cloud, cost optimization of not just storage but also of compute had become a universal pain point and one that its customers struggled to address. Unoptimized clouds not only drove up costs but also drove down the speed and scale of digital transformation. NetApp pivoted into the CloudOps space to help customers with precisely this problem- to make cost management and infrastructure optimization a continuous discipline and a conscious part of ongoing operations, thus increasing efficiency and productivity.

NetApp began building its CloudOps portfolio with its 2020 acquisition of Spot. Spot addresses cloud costs with an AI-powered approach that leverages discounts for excess capacity in the data centers of major

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**- Anisha Vinny,
Senior Industry Analyst**

public cloud providers (also known as spot instances). It also intelligently leverages commitment purchasing models (e.g. reserved instances, savings plans).

The Spot acquisition helped NetApp build a new source of competitive differentiation. Leveraging its prowess in traditional storage and data management, combined with Spot’s strength in compute optimization, NetApp became the first company to optimize both compute and storage, unlocking for its enterprise customers the efficiencies of application driven infrastructures. This enables companies to create applications in the cloud with the appropriate resources

which are then continuously optimized, thus continuously eliminating waste and controlling costs while maintaining performance SLAs. According to NetApp, Spot’s continuous cost optimization reduces cloud compute costs and infrastructure burdens by up to 85%. In fact, when NetApp began using Spot within its own company, it achieved 73% cloud cost savings without compromising application performance.

Strategic Acquisitions Fortifying CloudOps Product Portfolio

With Spot as the cornerstone, NetApp has made several strategic acquisitions to support its enterprise customers in their journey towards “more cloud at less cost.” With the acquisition of CloudCheckr in November 2021, NetApp added to its suite critical FinOps features such as cost visibility, reporting, cloud billing analytics as well as cost management and optimization tools across multiple clouds. This sets NetApp apart since the company now provides an end-to-end cost management solution with a front-end that different lines of business can use to understand cost, as well as a back-end that allows enterprises to implement an AI-driven approach to cost management on an ongoing basis.

Its acquisition of Fylamynt in February 2022 gave NetApp low code technology for CloudOps automation which when integrated with Spot accelerates and automates CloudOps infrastructure. As of November 2022, NetApp has already augmented Fylamynt technology and integrated it into the Spot console,

releasing it as Spot Connect. (for use only if published after announcement). In May 2022, NetApp acquired Instaclustr, a company that offers fully managed open source databases, pipeline and workflow applications as a service.

Spot Security, launched in July 2022, includes technology from the acquisition of CloudHawk and helps DevOps and SecOps teams reduce security risk and ensure compliance. Spot Eco, a solution that automates the buying and selling of RIs, has already been fully integrated into CloudCheckr. Spot Eco is available to customers either standalone or as a product that can be accessed within the CloudCheckr console for customers who purchase CloudCheckr + Eco.

Evolving Go to Market Strategy and Focus on Managed Services Providers (MSPs)

As NetApp broadened its role in the enterprise in response to evolving customer demands, the company also announced the reorganization of their global salesforce to support their cloud-led story. Under the leadership of CEO George Kurian and President Cesar Cernuda, NetApp's strategy and operations are more closely centered around customers and partners. In customer engagements, NetApp leads with its strength in running and optimizing hybrid and multi-cloud environments as its core competency.

The Spot by NetApp suite serves multiple personas within enterprises, cloud native companies as well as managed services providers. These include FinOps, DevOps, SecOps and PCOps teams. VMware, Samsung, Sony, Accenture, Lumen, DXC are some of the company's customers. NetApp's product flexibility enables its customers to engage the company as needed. Customers can solve a specific problem with one of their point solutions or leverage the entire Spot suite to automate end-to-end cloud operations.

In addition, the CloudCheckr CMx suite which is sold to enterprises has a number of features of specific value to managed services providers. As a result, it has seen particularly strong adoption among MSPs.

It is available as a SaaS offering in North America, EU and Australia. This platform enables MSPs to boost the top line by improving cloud visibility, optimizing cloud spend, improving resource utilization, and ensuring security and compliance. It also helps optimize the bottom-line through cloud analytics, reports, dashboards while improving margins through optimizing Reserved Instances and Savings Plans. As per trade publication Channel E2E, Spot and CloudCheckr are used by 80% of the top 10 managed services providers today.

Conclusion

NetApp's transformation from a storage giant to a key player in the CloudOps market has been remarkable. NetApp's competitive differentiation lies in the company's ability to complement its existing strength in storage and data management with cost management feature sets, giving it deep insight and visibility into all types of storage resources across cloud providers, platforms and applications. The company's success has been fueled by its customer-driven, future-proof product strategy that has been supported by strategic acquisitions. NetApp's ability to offer compelling point solutions as well comprehensive end-to-end cloud operations suite for CloudOps teams across enterprises, cloud natives as well as MSPs sets it apart from competition and will drive growth in the years to come.

For its strong overall performance, NetApp earns Frost & Sullivan's 2023 Global Competitive Strategy Leadership Award in the cloud operations market.

What You Need to Know about the Competitive Strategy Leadership Recognition

Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Strategy Innovation

Strategy Effectiveness: Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

Strategy Execution: Company strategy utilizes Best Practices to support consistent and efficient processes

Competitive Differentiation: Solutions or products articulate and display unique competitive advantages

Executive Team Alignment: Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

Stakeholder Integration: Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

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- **ROI & Margin:** Implementation Excellence
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The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

