ServerCentral extends to AWS managed services with Turing Group investment

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THE 451 TAKE

Hybrid and multi-cloud environments are real, and will have a material impact for businesses able to harness them properly. This means determining the right strategy between relocating, refactoring and rewriting apps and infrastructure will be key. This kind of transformation is where Turing has certified expertise, and given that, it's a natural extension of ServerCentral's business.

CONTEXT

Chicago, Illinois-based ServerCentral has been growing its datacenter and managed infrastructure services business for more than 17 years. It started with colocation services, and has progressed up the stack with services such as dedicated infrastructure and high-performance enterprise and private clouds.

In the process, ServerCentral has built out an extensive network, interconnecting its datacenters around the world with 10Gbps links. In 2015, the company launched a new backup and disaster-recovery product line that took advantage of this underlying infrastructure. It now has eight facilities (16 datacenters) in seven metropolitan areas on five continents. It operates and manages over 40 PoPs in 24 markets. It now offers network, colocation, managed services and the cloud.

TURING GROUP

Also based in the Chicago area, Turing Group is one of only a limited number of companies today recognized by Amazon as an Advanced Consulting Partner and AWS Managed Service Partner. The company can assist its customers in the management of AWS workloads; but for ServerCentral, the draw is much bigger than that.

From ServerCentral's point of view, organizations often make a critical error when migrating to the public cloud – even when they are simply trying to do a 'lift and shift' migration of existing servers and workloads, without rearchitecting the infrastructure to truly take advantage of all AWS has to offer. ServerCentral says this is where Turing Group shines, and why it has decided to partner with and invest in the company.

ServerCentral says the deal shouldn't be viewed as a 'single throat to choke' move, where ServerCentral, through this partnership, helps organizations manage workloads no matter where they live. Rather, this extends the reach of both companies to help their customers with business transformation. Workloads that function best in a private cloud can stay in ServerCentral's colocation facilities, while workloads that can be retooled to take advantage of an elastic infrastructure and that require massive scale can be moved to Amazon's public cloud environment.

Turing has 25 staff mostly hired from in-house DevOps projects, and it is this expertise that ServerCentral believes will distinguish its approach because it will be helping customers establish DevOps cultures within their own organizations. This accounts for at least half of Turing's opportunity and business. DevOps becomes the engagement model.

BUSINESS MODEL

This is ServerCentral's seventh key investment or acquisition, and buys it a minority stake in Turing, which was seeking capital to expand and take advantage of the gold rush that is managed AWS services. It has no plans to share operations, at least initially, although it may take advantage of shared HR and facilities at some point.

There are a few overlaps; some shared customers and integrated sales and marketing targeting enterprises. Customer engagements will be on either company's paper depending on the sales qualification (the other will be a supplier to it), which ServerCentral will undertake. ServerCentral claims several hundred customers, and with 125 staff, has revenue of roughly $40m. It claims to have been operating profitably since it was founded, and is entirely self-funded. Customers include Basecamp, ABN AMRO, Vizient and Shopify.

COMPETITION

Firms with both AWS Advanced Consulting Partner and AWS Managed Service Partner credentials include LayerV, Blue Sentry, iTmethods, DNM and CloudHesive. Key AWS managed services providers include independents such as 2nd Watch and Smartronix, and providers like Datapipe, as well as the biggest integrators and consultants such as Accenture, Cognizant and DXC Technology.

SWOT ANALYSIS

STRENGTHS
This investment greatly upgrades Server-Central's 'software IQ,' and combines AWS expertise with DevOps experience as a customer engagement model.

WEAKNESSES
ServerCentral will be hoping Turing can deliver it a breakout move in the cloud – beyond its home market and beyond the noise already present in the AWS managed services market.

OPPORTUNITIES
Out of every 10 public cloud opportunities, ServerCentral says nine are on AWS and one on Azure – the reason it has reached for Turing's expertise. Managed AWS services are having a 'Hollywood' moment as this demand accelerates.

THREATS
The AWS managed services market is already thronged with 'AWS native' independent players, as well as the biggest global integrators.