Cluster Software combined with Forecast Engine that reads Public Data and Spot Pricing helping Cloud-based Organization Optimize their Infrastructure Costs while helping Cloud Providers to Monetize their Excess Capacity

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> **- Amiram Shachar**

CEOCFO: *Mr. Shachar, would you tell us about Spotinst?*

Mr. Shachar: The concept behind Spotinst is we are trying to solve one of the most interesting problems in the world which is the excess capacity problem among public and private datacenters around the globe. In the last ten years we have seen rapid growth in public cloud computing and those companies such as Amazon Web Services, Google and Microsoft, are building enormous datacenters to sell Infrastructure as a Service (IaaS). This market is growing 60% QoQ and they are adding capacity as we speak, to address the increase in demand. However, they are not utilizing all of their resources at any single moment; they must keep some of the resources not utilized to support natural growth and peak hours. Those cloud providers possessing large quantities of spare capacity must either incentivize clients to purchase it or suffer losses. Because when you have spare capacity in your datacenters we are talking about a lot of money, we are talking about electricity, space, licensing, DevOps operations and more costs as overhead. Clients might be enticed to purchase it if they are provided with enough incentive, notably, a cheaper price. The caveat is that AWS can pull the plug at any giving moment. Spotinst is helping cloud computing companies and cloud computing customers to get a better engagement with these excess capacity resource pools to achieve better uptime while shaving the infrastructure costs for the clients.

CEOCFO: *What is your process?*

Mr. Shachar: The process is to create a predictive crowd-sourcing technology alongside with reliable cluster software that will achieve better engagement i.e cost reduction with near 100% uptime. The first thing that we built was a forecast engine that contains several Mathematical models based on the public data that Amazon (AWS) has provided us with the spot pricing. The spot pricing potentially reflects the amount of servers and the ability that they have within AWS data centers. Based on that information, we were able to predict which space is more likely going to be available and which space is more likely going to be occupied. That helps us when we help customers with their decisions on going into specific datacenters and specific instance model, where to choose their best instance to separate the excess capacity from. The of these Mathematical models is sort of an Heat Map, which gives a deep look into AWS infrastructure, the type of servers, size and the datacenters they own. It tells us exactly where they have more available capacity and where they have less available capacity. Effectively, helping us to get better decision for customers who wants to run on excess capacity. The second thing that we developed was a clustering software technology that deliberately built on top of the Heat Map and results that our algorithms provided. Essentially, providing an elegant and efficient approach to orchestrates and mange Spot instance pricing, bidding and interruptions. This software had to address to main goals 1) 100% Availability 2) Maximum savings. The key for 100% availability is derived by the ability to purchase simultaneously

from Spot and Regular (On-Demand) so, also in the event where we cannot provide excess capacity from the cloud, we are always able to overcome that and provide regular capacity. Combining low cost with 100% availability together, helped us to make a huge step in solving the problem.

CEOCFO: *How do companies plan, if they are not sure what is going to be available at a particular time and where is this applicable?*
Mr. Shachar: Up until 2014-2015 companies that leveraged excess capacity did it for back-office\low level and none-production environments like batch computing that can be restarted and sent again for processing, it was a Taboo to use it for mission-critical or production uses.
Today, as Fault tolerant architecture is mandatory for any kind of application, and as technologies like Containers, enable applications to become portable, compute power is becoming commodity, and the architecture enables the application to remain available also in the event of a server failure. Thus, the use of Spot instances in a combination of highly available architecture is becoming more popular. But still, companies need a solid solution to manage and orchestrate the Spot usage.

CEOCFO: *What are your product offerings?*
Mr. Shachar: Right now we are offering three products. The first product is called Elastigroup, which is the software that has both forecast engine and cluster software with the reliable and efficient use of AWS' Spot Market to reduce EC2 costs by 60% - 80% compared to On-Demand Instance pricing while still delivering 100% availability for high demand, persistent applications.
The second product is a multi-load balancing solution that provides smarter, less expensive, and better traffic allocation across public & private clouds. It brings together application load balancing, traffic engineering, security and deep analytics capabilities.
The third product we are offering is a Private Spot market for cloud providers, called "openSpot". What does that mean? OpenSpot uses the same principals that Amazon/Google implemented to automate and monetize their excess capacity to sell it to their customers. Large organizations like AT&T, Cisco or Oracle that manage their own data centers for their internal business unit are suffering from the very same problem that AWS suffers, which is underutilized/unsold excess capacity. OpenSpot enables any datacenter to monetize and automate the excess capacity for better usage for their own customers.

CEOCFO: *What has been the reception?*
Mr. Shachar: Customers which are already in the cloud and already running multiple production workloads in the cloud, immediately understand the value proposition and it takes just few days to get a customer to fully utilize Spotinst technologies for their most sensitive applications. On the other hand, when a customer is fairly new to the cloud, we hear a lot of skepticism. We understand that this is about building a trust, and only when they will use Spotinst in their lower level environments and will analyze the data, they will understand the power.

CEOCFO: *Is there competition?*
Mr. Shachar: Others have tried to do it in the past. There is one company that managed to do it very well and got acquired by AWS; their name was ClusterK. They started and had a modest customer base and got acquired immediately. On the other hand, we do see some competition coming from India. A professional services company that started to create a similar product to ours 3 years ago. However, we are not completely sure about their market footprint and what exactly they offer. We never compete against them with a real customer, but we know they are there. There's another kind of competition with the actual Cloud Providers (AWS / Google) that want to help their customers to make a better usage of their cloud offering.

CEOCFO: *Are you seeking investors or partnerships?*
Mr. Shachar: Fortunately, the company is generating revenues since the very first day and our revenue is growing every month by 20% to 30%. Moreover, we are already funded with $2M from Venture Capital. These days we are closing series A of financing. We are also a channel focused company, we believe in strong partnerships with Vendors, Managed Service Providers, resellers and technology partners to grow our platform. We are working day and night to achieve that.

CEOCFO: *What surprised you on the business side as Spotinst evolved?*
Mr. Shachar: In the beginning it was a big question mark around whether companies are going to adopt it or not. We knew that we will be able to do it and its just a matter of trust. Luckily, I was surprised how fast we got endorsed by large enterprises and how fast we got decision-makers to actually adopt our technology and our vision of leveraging excess capacity.
To my opinion, Spotinst is real cloud that everybody is talking about. Applications can now automatically run on the most economic resources, with zero touch.