Iron Mountain Acquires Mimosa Systems

Sheila Childs, Kenneth Chin, Adam W. Couture

Iron Mountain offers a portfolio of solutions for cloud-based archiving. With its acquisition of Mimosa Systems, it can now also offer on-premises archiving as an alternative to cloud solutions. We provide an overview of how this acquisition impacts the market, and outline the challenges that Iron Mountain will have to address.

Key Findings

- Iron Mountain's acquisition of Mimosa Systems addresses concerns from prospective customers who had questions about Mimosa's long-term viability.
- With Mimosa NearPoint, Iron Mountain will now offer both on-premises and cloud solutions for archiving multiple content types.
- Iron Mountain will have challenges in positioning the many products it now has for archiving and e-discovery, and must quickly develop and articulate its vision and strategy for these products.
- Iron Mountain will seek to couple its own powerful brand with Mimosa's product capabilities to establish leadership in the enterprise information archiving market.

Recommendations

- Customers using or considering Mimosa/LiveOffice for hybrid on-premises/cloud archiving should plan for alternatives.
- When considering either Iron Mountain's cloud archiving offerings or Mimosa NearPoint, understand the road map for these products to avoid issues with any future change in product direction.
- Ask Iron Mountain when Mimosa will natively support Iron Mountain cloud storage as an archive target.
- Organizations that are interested in some combination of on-premises and cloud deployments should include Iron Mountain/Mimosa on their shortlists.
WHAT YOU NEED TO KNOW

Iron Mountain’s acquisition of Mimosa Systems will provide it with the ability to offer both on-premises and cloud-based archiving solutions.

EVENT

Event Facts

On 22 February 2010, Iron Mountain, an information management service provider, announced that it had acquired Mimosa Systems, which focuses on e-mail and content archiving, for approximately $112 million in cash.

Analysis

Iron Mountain, a $3 billion information management services company, continues its bid to transform and extend itself from paper to digital with the acquisition of Mimosa Systems. Iron Mountain Digital first began offering storage-as-a-service solutions for data protection and recovery, archiving and intellectual property management in 2001. Since then, Iron Mountain acquired Stratify for $158 million in October 2007, to establish itself as an e-discovery solution provider, and Accutrac Software for records management in June 2007, enabling it to deliver a more comprehensive information retention management solution. Iron Mountain Digital's offerings are designed to enable secure storage of customer data off-premises, augmented with value-added functionality, such as regulatory compliance support and e-discovery.

Iron Mountain’s Market Position and Archiving Products

Iron Mountain offers a number of different digital archiving solutions, including some through partnerships. In 2001, the company announced Iron Mountain Digital Archives (renamed Digital Record Center for Compliant Messaging [DRCCM]), an internally developed software-as-a-service (SaaS) offering targeting major enterprises, primarily in financial services. In 2005, Iron Mountain partnered with MessageOne to resell e-mail archiving and hygiene services to small or midsize business (SMB) customers. In 2009, Iron Mountain inked a relationship with Mimecast and deployed Mimecast technology at Iron Mountain data centers as its Total E-mail Management Suite (TEMS) offering. This has become the company's primary offering for SMBs. In addition to these products, which are predominately focused on e-mail archiving, Iron Mountain also offers Digital Record Center for Medical Imaging (DRCMI), which archives medical images, Digital Record Center for Images (DRCI), which archives scanned documents as electronic records, and Virtual File Store (VFS), which offers cloud-based archiving for inactive file system data.

Mimosa Systems’ Market Position and Archiving Products

Mimosa offers NearPoint, an enterprise information archiving solution for e-mail, files and SharePoint. Additional options offered as part of the NearPoint portfolio include solutions for retention and classification, e-discovery, content monitoring, PST archiving, tiered storage and disaster recovery for Microsoft Exchange. Founded in 2003, Mimosa Systems has attained considerable growth, with a strong focus in the midmarket for e-mail archiving for Exchange. Many of its customers are SMBs, although Mimosa does claim a few very large reference customers.
Opportunities

The acquisition of Mimosa Systems by Iron Mountain will benefit both companies. Although a great deal has been written about the adoption of both SaaS-based and cloud-based archiving, the number of organizations, particularly large organizations, that have adopted this technology remains small (see "Outsourcing E-Mail Archiving: 2Q09 Update" and "2009 U.S. Data Center Conference Poll Results: Archiving"). Iron Mountain finds that its competition for customers continues to include vendors that offer a choice of on-premises software solutions as well as SaaS, such as Symantec and Autonomy.

The acquisition of Mimosa gives Iron Mountain an alternative to its cloud offerings, enabling it not only to provide an offering for potential customers who are looking for on-premises solutions, but also to increase its potential to upsell cloud archiving and storage services. It provides Iron Mountain with an answer for those customers who, for legal or internal policy reasons, are uncomfortable with, or can't store, archived data in the cloud. With the availability of Mimosa NearPoint, customers will also be offered more deployment options when Iron Mountain is their vendor of choice. As organizations assess their options for storing archived data, Iron Mountain is hoping that customers who prefer an on-premises archive will consider a cloud-based third tier of storage as a logical and viable add-on for older data that must be retained for a very long term. When Iron Mountain modifies Mimosa to write to the Iron Mountain cloud storage application programming interface (API), it will also provide on-premises customers an alternative low-cost storage tier, which is attractive for storing this older archived data.

Mimosa benefits directly from the strength of the Iron Mountain brand and from the infusion of cash that will enable it to compete more effectively in a market with clear frontrunners. Although Mimosa is sometimes shortlisted, concerns over viability are often raised. The company has done a good job of keeping its product and vision for information archiving at the cutting edge, but its limited resources have hindered its ability to grow. Mimosa had stated its intent to go public, or to "join forces" with another vendor in order to continue as a viable solution provider. Iron Mountain has stated that it acquired Mimosa for its technology, development team and its business momentum, suggesting that it will allow Mimosa to continue to focus on growing its on-premises archiving business.

Through this acquisition, Iron Mountain adds more than 1,000 archiving customers to its installed base, again offering it the opportunity to drive new business. For the time being, Iron Mountain will keep the Mimosa brand. Going forward, the company plans to integrate Mimosa as an Iron Mountain sub-brand, similar to what it has done with Stratify.

Challenges

Today, Mimosa NearPoint is deployed by customers as an on-premises solution. Mimosa has a partnership with LiveOffice that allows customers to move older archived data from on-premises to the LiveOffice Personal Archive as a cloud service. As part of the acquisition announcement, Iron Mountain indicated that Mimosa NearPoint software will incorporate the Iron Mountain cloud API, making it a low-cost, alternative storage tier for archived data. Mimosa and LiveOffice have had no success with their joint on-premises/cloud offering. Although Iron Mountain could not comment on how the Mimosa/LiveOffice relationship will be impacted by the acquisition, Gartner believes it will effectively negate this option as a viable alternative for customers.

With the acquisition of Mimosa, Iron Mountain adds yet another product to its portfolio of digital archiving solutions. Iron Mountain will be challenged to clarify its position for Mimosa NearPoint both to customers and internally to its sales organizations, especially for enterprise customers. For e-mail archiving, both DRCCM and Mimosa NearPoint target larger customers. Today, the two solutions can be rationalized as giving customers a choice of an on-premises or cloud-based
deployment. Likewise, the juxtaposition of VFS and Mimosa NearPoint for files. However, when Mimosa incorporates the Iron Mountain cloud API, this distinction will become significantly blurred.

The Iron Mountain approach to e-discovery is another area that will require clarification and proper go-to-market messaging for customers and sales. Mimosa brings e-discovery functionality focused on information management, identification, preservation and proactive collection, and allows early case assessments for data that has been archived. Iron Mountain’s eVantage appliance, introduced in January 2010, is offered as an on-premises solution for customers who want to do their own early case assessment. Although the functionality can be complementary to Mimosa’s e-discovery capabilities, adding an additional product to the mix will require clear positioning.

Iron Mountain has been struggling to distinguish itself in the rapidly evolving archiving market as the choices for on-premises and SaaS solutions continue to increase. Mimosa Systems has had good success with on-premises deployments and has been gaining market momentum, but in order to get to the next level, it needed additional capital and resources to compete, to support large accounts and to accelerate customer acquisitions. The marriage of these two companies and the combined archiving solutions that they can offer, if positioned correctly and sold effectively, will add an additional top-tier vendor to many organizations’ shortlists.

RECOMMENDED READING

“Outsourcing E-Mail Archiving: 2Q09 Update”

“Predicts 2010: New Technologies and Service Delivery Models Will Transform the Storage Markets”

“MarketScope for E-Discovery Software Product Vendors”


“2009 U.S. Data Center Conference Poll Results: Archiving”
REGIONAL HEADQUARTERS

Corporate Headquarters
56 Top Gallant Road
Stamford, CT 06902-7700
U.S.A.
+1 203 964 0096

European Headquarters
Tamesis
The Glanty
Egham
Surrey, TW20 9AW
UNITED KINGDOM
+44 1784 431611

Asia/Pacific Headquarters
Gartner Australasia Pty. Ltd.
Level 9, 141 Walker Street
North Sydney
New South Wales 2060
AUSTRALIA
+61 2 9459 4600

Japan Headquarters
Gartner Japan Ltd.
Aobadai Hills, 6F
7-7, Aobadai, 4-chome
Meguro-ku, Tokyo 153-0042
JAPAN
+81 3 3481 3670

Latin America Headquarters
Gartner do Brazil
Av. das Nações Unidas, 12551
9° andar—World Trade Center
04578-903—São Paulo SP
BRAZIL
+55 11 3443 1509