



VENDOR PROFILE

Unidesk Private Vendor Watchlist Profile: Unlocking the Full Potential of Desktop Virtualization

Ian Song

Michael McDonald

IDC OPINION

Unidesk Corp. was founded in 2008 to address the shortcomings related to management, user experience, infrastructure, and cost requirements in the desktop virtualization market. The company is headed by the former CEO of EqualLogic, which was acquired by Dell. Unidesk's goal is to redefine the virtual desktop configuration/management market — and eventually the physical PC management market — through Unidesk software solutions. We believe Unidesk is a company to watch because:

- ☒ Unidesk's desktop layering technology solves some major problems with centralized virtual desktops (CVD aka VDI) that the combination of profile management, application virtualization, and image management tools cannot: It allows users to fully customize desktops, even with user-installed applications, and also simplifies application delivery, OS patching, and desktop repair for IT.
- ☒ Unidesk has relationships with all major VDI vendors and many VMware and Citrix VARs, which have helped Unidesk build a strong customer base in its first year of product availability.
- ☒ Unidesk has a very clear understanding of the market dynamics and, once it fully establishes its value proposition, has the opportunity to be a major player in the desktop virtualization space.

IN THIS VENDOR PROFILE

This IDC Vendor Profile analyzes Unidesk Corp., a software company in the desktop virtualization market, and reviews key success factors: market potential, technology/solution, corporate strategy, force multipliers, and customers. Leveraging IDC's expert understanding of the competitive landscape and future outlook, this document highlights company and market information tailored to the investment professional's needs.

SITUATION OVERVIEW

Company Overview

Unidesk, based in Marlborough, Massachusetts, is today positioned in the centralized virtual desktop market. Company details are provided in Table 1.

TABLE 1

Unidesk Company Snapshot

Category	Details
Functional and secondary markets	Desktop virtualization, specifically CVD (aka VDI) solutions
Founding year	2008
Number of employees	40
Number of customers	130
Company location	Marlborough, Massachusetts
Web site	www.unidesk.com
Funding initiatives	\$20 million (\$8 million Series A and \$12 million Series B)
Investors	Matrix Partners and North Bridge Venture Partners
Sales channels	Single tier of VARs
Revenue estimate	\$1+ million
Supplier info — Is this a minority-owned business?	No
Supplier info — Is this a woman-owned business?	No

Note: The terms *minority-owned business* and *women-owned business* are defined in the Definitions section of the Learn More section.

Source: IDC, 2011

IDC Watch Factor Scores

IDC Watch Factor scores measure private companies based on a set of five defined success factors. Each of the five key success factors is made up of detailed subquestions, which are assigned a value from 1 (weak) to 4 (strong). The average of the subcategories is then applied as the overall score for each category:

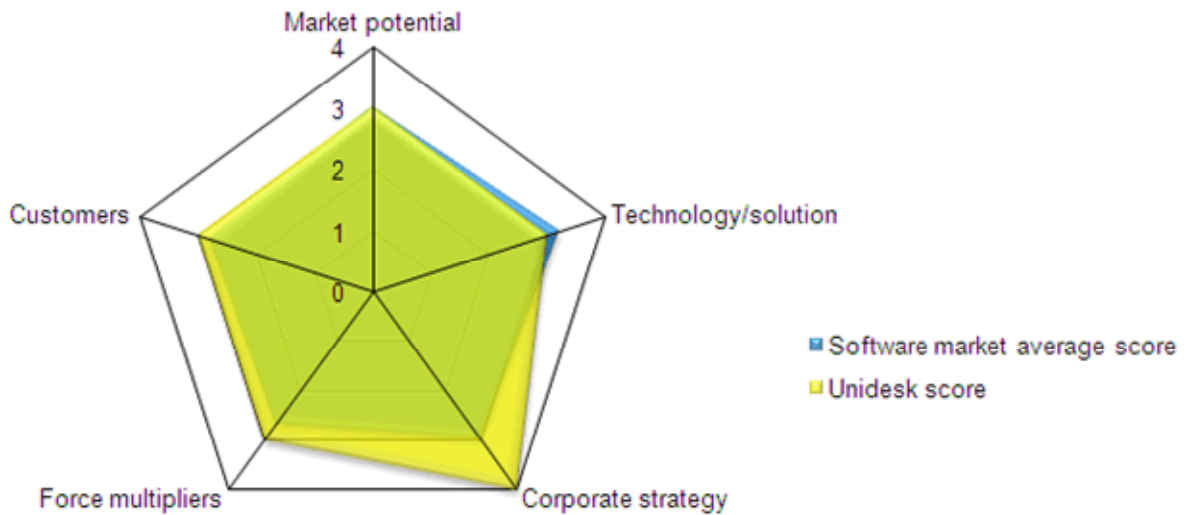
- Market potential:** Market growth potential, strength of competition, and current stage of market (early adopters versus late majority)

- ☒ **Technology/solution:** Level of differentiation, disruptive capability, and scalability
- ☒ **Corporate strategy:** Go-to-market strategy, management pedigree, and financial status (running on venture capital with insignificant revenue versus self-sustaining and not seeking additional rounds of funding)
- ☒ **Force multipliers:** Current partnerships/certifications, additional partnerships likely within the next two years, and channel/sales strategy
- ☒ **Customers:** Number of existing customers, quality of existing customer base, geographic reach, and size of addressable market in the coming years given the vendor's current capabilities

Figure 1 shows the Watch Factor scores for Unidesk versus the Watch Factor average scores for all companies ranked by the Private Vendor Watch Service in the applicable market at the time of publication. The sections that follow detail the reasons for those scores.

FIGURE 1

Unidesk Watch Factor Score Versus Watch Factor Average Score



Notes:

The Watch Factor average score reflects the average score for all private companies scored by the Private Vendor Watch Service at the time of publication.

Scores are based on a scale of 1 to 4, where 1 = weak and 4 = strong.

Source: IDC, 2011

Market Potential

Market

The overall market for desktop virtualization is expected to exceed \$1 billion by 2014. IDC believes desktop virtualization growth has strong legs. As the technology matures, it will become more applicable to a greater breadth of industry verticals. While total seats have initially been driven by numerous incentives and artificially low prices, the emergence of desktop as a service and other virtualization models will ensure continued growth.

Unidesk has significant revenue opportunities because of its solution's ability to reduce storage, minimize complexity, cut operational costs, and maximize end-user personalization, regardless of whether its customers choose VMware View, Citrix XenDesktop, or other virtual desktop brokering solutions.

Unidesk has been shipping its management platform for only 12 months and has already exceeded \$1 million in revenue and passed the 100-customer mark. Once Unidesk integrates with other major hypervisors besides VMware, its growing list of VARs and strategic partners will provide the leverage that will help Unidesk substantially increase its market share in the industry.

Market Disruption

Unidesk is a companion solution for many larger desktop virtualization vendors, although Unidesk's innovative layering approach is disruptive to the VDI stack offered by VMware and Citrix that combines profile management, application virtualization, and image management point tools. Unidesk can offer the storage savings and operational efficiencies of stateless, non-persistent desktops in a stateful desktop that gives end users a consistent personal experience every time they log in, even sustaining user-installed applications, the big gap in profile management technology. Unidesk can also deliver the "last 20%" of applications that application virtualization tools are unable to package, and without the complexity and limitations of process isolation bubbles. This can benefit both IT administrators and end users and expand the market for CVD to more users.

Competitive Landscape

- All or parts of Unidesk's solutions compete with the following companies of similar size — AppSense, InstallFree, Liquidware Labs, MokaFive, and RES Software.
- Unidesk also competes with some of the built-in features of the larger desktop virtualization vendors including Citrix, Microsoft, Quest Software, and VMware.

M&A

M&A activities in the desktop virtualization market have been active in recent years. Larger vendors like Oracle, Citrix, and Quest Software have gained or expanded their desktop virtualization capabilities through acquisitions.

More recently, the trend in the desktop virtualization market is the consolidation of vendors. This has already happened with Quest Software acquiring RemoteScan and Citrix acquiring Kaviza and RingCube. IDC believes more start-ups will be acquired in the near future as large vendors seek to enlarge their product portfolio and customer footprint. In addition:

- ☒ Major players in the desktop virtualization market are well positioned to continue acquiring start-up/small vendors. IDC believes that VMware, Citrix, and Microsoft are most likely to acquire start-ups in the next 12–24 months. Additionally, vendors on the edge of the desktop virtualization market, like IBM, might acquire smaller vendors to gain capabilities to compete in the desktop virtualization space.

- ☒ Because larger vendors already have the infrastructure capabilities to cost-effectively create, provision, and manage non-persistent virtual desktops, they are less likely to acquire smaller vendors that offer similar capabilities. Rather, larger vendors will focus on adding functions to their existing solutions through acquisition that help expand the market for CVD to knowledge workers, power users, and other types of persistent use cases. Start-ups that have unique capabilities in this area or an existing customer base that could be attractive to these larger vendors include Liquidware Labs, MokaFive, RES Software, Unidesk, and Virtual Bridges.

Table 2 displays recent M&A deals in the desktop virtualization market.

TABLE 2**Desktop Virtualization M&A Deals**

Date	Acquirer	Target Company	Deal Value (\$M)	Specific Market/Solution Type
August 2011	Citrix	RingCube	NA	VDI optimization
July 2011	Citrix	Cloud.com	NA	Cloud services
May 2011	Citrix	Kaviza	NA	VDI for SMB
May 2011	Quest Software	RemoteScan	NA	Imaging solution for virtual environments
May 2011	VMware	Socialcast	NA	Collaboration software
May 2011	VMware	Shavlik Technologies	NA	On-premise SaaS management
April 2011	VMware	SlideRocket	NA	Cloud-based presentation software
April 2011	VMware	Mozy	NA	Cloud storage and services
January 2011	NetApp	Akorri Networks	60	Datacenter virtualization, storage
November 2010	Red Hat	Makara	NA	Cloud management
August 2010	Citrix	VMLogix	NA	Cloud management
February 2010	VMware	Zimbra	NA	Cloud collaboration
February 2010	VMware	RTO	NA	Virtual desktop profile management

Source: IDC, 2011

Technology/Solution**Unidesk 1.4**

- Unidesk 1.4 is a VDI provisioning and management solution that allows for end-user personalization, application delivery, OS management, and storage reduction.
- Unidesk 1.4 is a complete management platform that sits between the hypervisor and the broker. Having all desktop layers managed under one control point affords customers unique opportunities for operational cost savings, including one clean gold OS image to patch and update for all desktops, faster application packaging, and the ability to resolve desktop support calls without level 2 or 3 escalations.

- ☒ Unidesk can sustain user-installed applications in addition to all other persona customizations. It can also deliver the many departmental applications that IT cannot spend time virtualizing and the many "one off" applications that need to be installed ad hoc on small numbers of desktops.
- ☒ Unidesk has three patents pending on its core technologies. Unidesk CacheCloud is its system of virtual appliances that replicate and manage the OS, application, and personalization layers. Unidesk Composite Virtualization runs inside each Windows guest virtual machine and dynamically composes a unified file system (C drive) out of the layers.
- ☒ Unidesk provisions and manages Microsoft Windows XP and Windows 7 virtual desktops. It currently requires VMware vSphere or ESX as the hypervisor, although support for Microsoft Hyper-V and Citrix XenServer is planned. Unidesk works with any connection broker but has the deepest integration with VMware View and Pano Logic's Pano Manager. Deep integration with Citrix XenDesktop catalogs is currently in development and expected before the end of the year.

Corporate Strategy

Leadership

Unidesk is led by CEO Don Bulens, previously head of EqualLogic until it was acquired by Dell. Ron Oglesby joined Unidesk in 2010 as its chief solution architect. Oglesby is well known in the virtualization industry. Chris Midgley, Unidesk's founder, was previously founder of LiveVault and led LiveVault through its acquisition by Iron Mountain. Overall, the leadership team at Unidesk has extensive experience in the virtualization space and a proven track record.

Go-to-Market Strategy

Unidesk is based on a perpetual licensing model, with support and maintenance required for all purchases. There may be a term/subscription licensing option for service providers added in the future. Price ranges from \$45 per desktop per year for education customers to \$150 per desktop per year for commercial customers depending on the number of seats purchased and an additional \$10 per desktop per year to \$30 per desktop per year for service. Unidesk also offers three-year service plans at a discount.

Currently, the solution is sold through a single tier of VARs, and there are plans to announce several strategic partners including OEM bundles with system vendors later this year.

The solution is sold worldwide, and Unidesk recently closed its first major customers in the United Kingdom and Germany.

Customer service and marketing are both important at Unidesk. Unidesk offers personal demos, training videos, design guides, reference architectures, and free evaluation copies of the software. Metrics are showing that over 40% of customers that start a proof of concept end up purchasing the product. Customer service is handled directly by Unidesk and is a strong differentiator, judging from positive customer feedback.

Exit Strategy

Unidesk is expecting to achieve three times revenue growth in 2011 by penetrating the VMware vSphere–hosted virtual desktop market. A baseline for this revenue growth was not disclosed. Unidesk’s long-term goal is even more aggressive: to reinvent desktop management and displace Microsoft System Center and Symantec/Altiris in the PC configuration and management market. It appears there are no immediate plans to go public or look for an acquirer. The product is still in a 1.x release, so developing a richer customer base, expanding seat counts within the existing customer base, signing strategic partners, and broadening product platform coverage, scalability, and features are top of mind.

The desktop virtualization industry is in the process of ever-increasing consolidation, so it would seem that Unidesk will be ripe for acquisition over the next few years.

Current Investors

Unidesk will likely raise a Series C round of funding in 2012.

Table 3 displays a detailed funding history for Unidesk.

TABLE 3

Unidesk Detailed Funding History

Round	Date	Amount (\$M)	Investors
A	January 2008	8	Matrix Partners, North Bridge Venture Partners
B	January 2010	12	Matrix Partners, North Bridge Venture Partners

Source: IDC, 2011

Force Multipliers

Partners

- ☒ **VMware.** Unidesk is an elite-level member of the VMware Technology Alliance Partner (TAP) program and an active member of the VMware ISV community, sponsoring VMworld and VMware User Group (VMUG) events worldwide. Unidesk and VMware currently offer a joint promotion of VMware View and Unidesk for education customers, targeting persistent desktops for faculty and staff. The two companies are also cohosting numerous Webinars featuring joint customers.
- ☒ **Citrix.** Unidesk is Citrix-ready certified to work with Citrix XenDesktop.
- ☒ **Pano Logic.** Both Unidesk and Pano Logic have a strong focus on the midmarket and a number of common customers.

☒ **Dell.** Unidesk can be purchased through Dell Software and Peripherals (S&P). Unidesk helps expand the use cases for Dell Desktop Virtualization Solution (DVS) and enables Dell EqualLogic hybrid SAN arrays to host many more persistent desktops on the same storage footprint.

☒ **VCE and Cisco.** Unidesk has developing partnerships with these vendors.

Partnership Opportunities

Unidesk is currently looking to expand its partnership network.

Channel/Sales Strategy

Unidesk is sold exclusively through a growing network of single-tier channel partners that includes VMware's and Citrix's top VARs. There is also a plan to partner with OEMs to offer combination solutions.

Customers

Key Customers

Key customers include State of Ohio, State of Wisconsin, University of Connecticut, University of Maryland, The Ohio State University, Boston University, Menlo College, Limited Brands, Farmers Mutual Hail Insurance, Renasant Bank, U.S. Indian Health Service, Workforce Solutions Alamo, Mount Graham Regional Medical Center, City of Foster City, City of Kent, City of Miami Beach, Wyche Law Firm, Glasgow Housing Association, and Hoesch Schwerter Profile GmbH.

Key Audiences

- ☒ Government, education, financial services
- ☒ Businesses ranging from 100 to 10,000 desktops
- ☒ Organizations with many applications and high concentrations of knowledge workers who need to customize their desktops

Geographic Reach

Unidesk is available worldwide through an expanding network of channel partners.

FUTURE OUTLOOK

Challenges and Opportunities

Challenges

The major challenge for Unidesk comes from a lack of market understanding of its value proposition and the legacy thinking that only non-persistent virtual desktops can offer operational cost savings and storage reduction. Often, customers won't realize they need Unidesk until they put CVD into production and discover that the majority of

their use cases require persistence. To that end, Unidesk must continue to expand its partnerships to spread the word on the value of its solution.

There is also significant competition in the desktop virtualization market. Technology is constantly changing, and Unidesk must stay on top of the latest developments and ensure that its patent-pending technologies continue to be relevant. As with any early-to-market company, Unidesk must also focus on retaining top employee talent and securing sufficient funding to expand R&D, marketing, sales, and support operations.

Opportunities

As the only solution that offers an end-to-end management and provisioning platform for persistent virtual desktops — encompassing the operating system, applications, and the user — and with three patents pending, Unidesk has the opportunity to leverage its complete, user-friendly, and cost-effective solution to simplify VDI and expand the market for itself and its partners. Unidesk must develop compatibility with more hypervisors and utilize its partners to get bundled into or recommended for more desktop virtualization projects.

ESSENTIAL GUIDANCE

Reason to Watch

Unidesk provides an essential management component to any desktop virtualization implementation. With Unidesk's layering technology, customers can more effectively realize the operational savings to cost justify their CVD projects. And by satisfying more use cases and replacing more PCs, they can do so at an accelerated pace. Presently, Unidesk is enjoying rapid customer growth and increasing attention from bigger CVD vendors and systems integrators like Citrix, VMware, and Dell. Unidesk is starting to be included in many large deals with the aforementioned vendors and partners. The desktop virtualization market is now mature enough to appreciate the value Unidesk brings to the table. IDC believes that Unidesk will continue to achieve standalone success in the future if it continues to execute, and it should be on the short list of any large ISVs looking to bolster their desktop virtualization position over the next 12–24 months.

Advice for IT Managers and End Users

When evaluating desktop virtualization vendors, it is more important to focus on the solutions provided by the specific vendors and their traction with customers, rather than focus on the size of the vendor. Many start-ups in the desktop virtualization market offer unique capabilities that can minimize the initial cost of deployment, simplify management, and improve the user experience. In fact, many start-ups have large customers and partnerships that ensure their survival.

As the enterprise culture becomes increasingly driven by younger, more connected, and mobile workers, companies that don't build the foundation to support flexible computing will find workers harder to manage, harder to satisfy and, to an extent, harder to retain. IDC believes we are still in the early phases of desktop virtualization,

and now is a great time for organizations to evaluate and invest in solutions that can better manage end users, regardless of where they are or what they use. Organizations failing to do so could risk losing their competitive advantage in the long term.

LEARN MORE

Related Research

☒ *IDC MarketScape: Worldwide Desktop Virtualization 2011 Vendor Analysis* (IDC #228619, June 2011)

Definitions

A minority-owned business is a proprietorship, partnership, corporation, or joint venture that is 51% owned, operated, and controlled by U.S. citizens who are members of the following racial groups: African American, Asian American, Hispanic American, and Native American.

A woman-owned business is a proprietorship, partnership, corporation, or joint venture that is 51% owned, operated and controlled by U.S. citizens who are female.

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