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Ensuring That Flight Takes Off - From The Data Center

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By Scott Denne

The next time your flight's delayed, it may not be a problem in the skies or on the ground, but in the data center. Airlines use several applications to get a flight in the air, like those that help the crew load the plane for weight and balance, board passengers, track the flight and get weather and maintenance information to the pilots.

If those go down, the flight doesn't go up.

As applications have gotten more sophisticated and complex, glitches that have far-reaching impacts are becoming more common and more difficult to resolve - not just in the airline industry, but any industry that's become dependent on technology.



AP Photo/Ted S. Warren

Alaska Airlines uses ExtraHop Networks' application performance appliances to help it navigate the skies.

For Alaska Airlines, application performance issues caused it to turn to [ExtraHop Networks Inc.](#), a maker of application performance appliances that's helped the airline have the second-best rate of [on-time arrivals](#) so far this year.

ExtraHop alone can't take the credit for Alaska Airlines' gains, but "we've definitely seen a positive impact, in many cases it can cut our troubleshooting time in half," said Chris Grey, the airline's director of IT operations.

ExtraHop, which is backed by Madrona Venture Group, is one of several start-ups that have launched to help customers grapple with growth in frequency and complexity of application performance issues that crop up as data centers become more intricate.

Most recently, [New Relic Inc.](#) took in \$10 million in a Series C round led by Tenaya Capital, [Preliet Inc.](#) raised a \$3.75 million Series A in August from Fairhaven Capital and Sierra Ventures, and [AppDynamics Inc.](#) got \$11 million in Series B funding in May from Greylock Partners and Lightspeed Venture Partners to launch its first product.

Though they're not all competing directly, they're hoping to ride the same wave. Applications used to be monolithic, but now they're spread across several layers, including a Web server, a database and middleware to tie it all together. Those layers have become tougher to manage as applications have become more integrated with each other and data centers have many more servers than they used to. The servers running one application may not even be located next to each other, but on the other side of a data center or even in another part of the world.

Add in virtualization and cloud computing - two emerging trends that enable applications to be more mobile and distributed than ever before - and the problems are only likely to get worse.

These companies will be facing competition from much larger vendors, like International Business Machines Corp. or CA Inc. With its Spectrum Service Assurance platform sitting on top of a broad suite of network and application management tools, CA claims that it can already solve these problems.

The competition doesn't end with the traditional incumbents. Application vendors like Oracle Corp. and Microsoft Corp. are getting into the application performance market with acquisitions earlier this year such as AmberPoint Inc. and AVocode Inc., respectively.

"When you look at the conflict on that galactic level, you see how small [those start-ups] are and how unlikely they are to play a pivotal role," said Will Cappelli, a vice president with research firm Gartner Inc. That's not to say the innovations they've developed aren't important and that they won't be acquired, he said.

In that respect, they're better positioned than the last generation of application management start-ups that launched towards the end of the dot-com bubble.

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Back then, like now, the problems were significant and the incumbents didn't have a real solution, said Jeb Miller, a general partner with Jafco Ventures, who worked with IT software management company Collation Inc. at a previous firm. Earlier in the decade the market was over-funded and Collation, which was eventually acquired by IBM, was one of a dozen or so start-ups chasing the same opportunity, driving down exit amounts, he said.

"There were more sellers than buyers. There's much more scarcity this time around," Miller said.

This story is an excerpt from an in-depth analysis piece in VentureWire. To get the full story, click [here](#). For a two-week trial of VentureWire, a daily newsletter that covers news about venture-backed start-ups and their investors, click [here](#).



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