



Cloud Tech (Q3 2024):

AI advances in Edge and Cloud Optimization; Cloud-native Tech leads funding and M&A

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What's inside?

This Insight covers quarterly updates on Cloud Technology and focuses on our coverage of the [Cloud-native Tech](#), [Cloud Optimization Tools](#), [Serverless Computing](#), and [Edge Computing](#) industry hubs.

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Key takeaways

Funding

Cloud-native Tech (CNT) surged amid overall decline: Cloud Tech funding saw a dramatic drop (-81% QoQ), totaling USD 699 million across 16 funding rounds. CNT was the only area to show a QoQ increase (+226% QoQ), raising USD 494 million and accounting for ~71% of the total. This surge was spearheaded by [Grafana Lab's USD 270 million](#) raise, along with [Kong](#) and [Supabase](#), each securing USD 80 million. Additionally, early-stage funding gained traction, with [Gcore](#), [Armada](#), [nOps](#), and [Archera](#) raising over USD 30 million each.

Product updates

Elevating edge computing and cloud optimization with AI:

Developments in Edge Computing and CNT highlight a strong focus on AI integration, with new offerings from [Cognizant](#), [Advantech](#), [SensiML](#), [Red Hat](#), and [Redis](#) aimed at enhancing intelligent decision-making and real-time analytics. Additionally, cloud cost optimization solutions from [Harness](#), [Nutanix](#), [Zesty](#), and [Rafay Systems](#) focused on enhancing efficiency and cost management across diverse cloud environments.

Partnerships

Edge AI and CNT enhancements led: Partnerships like [Advantech-Canonical](#) and [Blaize-Vantix](#) highlighted AI integration in edge computing, which aim to enhance intelligent decision-making and efficiency in IoT and industrial settings. Meanwhile, CNT enhancements were evident in collaborations such as [Platform9-Fairwinds](#) and [Dell-Red Hat](#), focusing on cost management and simplifying AI infrastructure for enterprises.

M&A

CNT carried three out of five deals: K1 Investment Management's acquisition of [MariaDB](#) signaled a strategic shift, potentially preparing for future sale or partnerships. [IBM](#) strengthened its cloud cost management position by acquiring [Kubecost](#), a specialist in Kubernetes cost monitoring and optimization. [HPE's](#) and [Confluent's](#) acquisitions of [Morpheus Data](#) and [WarpStream](#), respectively, demonstrate ongoing consolidation and capability expansion in Cloud Tech.

Industry outlook

Edge AI innovation continued: The Cloud Tech industry is poised for significant advancements in edge computing and AI integration, enabling real-time data processing at the network edge. [Red Hat](#), [Google](#), [VMware](#), and other key players are innovating and collaborating to make edge computing smarter, more efficient, and accessible, addressing latency and data privacy challenges. These developments will unlock new AI-powered applications across various industries such as real-time predictive maintenance for manufacturing, AI-assisted robotic surgery, autonomous vehicle navigation, and intelligent traffic management.

Partnerships boosted cloud-native AI innovation and optimization:

Concurrently, cloud-native technologies are evolving, emphasizing improved Kubernetes management and cost optimization. As cloud-native adoption surges, partnerships among [Platform9](#), [Fairwinds](#), [Harness](#), and [Google Cloud](#) are tackling cost control challenges and integrating GenAI technologies into cloud deployments. The industry is moving toward more intelligent, automated, and holistic solutions. This trend suggests a future where AI-driven insights, multi-cloud support, and integrated management platforms will become standard, helping businesses become more efficient and cost-effective in their cloud operations.

Funding

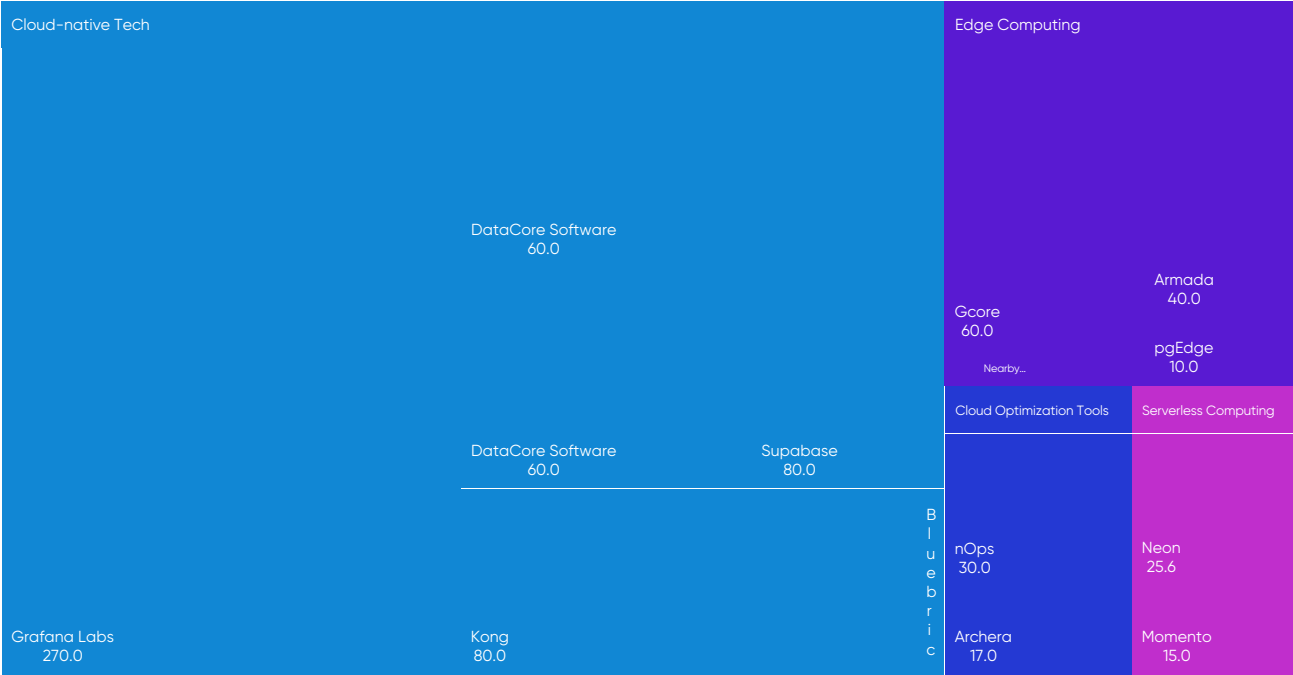
Analyst Take: Cloud Tech startups raised USD 699 million in Q3 2024. This was significantly below the average quarterly funding of USD 1.5 billion over the past three years. Nevertheless, the dip in Cloud Tech funding mirrored the broader [decline](#) in global venture funding during this period.

Funding for CNT startups was notable, highlighted by [Grafana Labs](#)' USD 270 million Series D, alongside [Kong](#)'s Series E and [Supabase](#)'s Series C rounds of USD 80 million each for product development, which together accounted for ~60% of total funding for the quarter.

There was also a notable shift toward early-stage funding, with [Gcore](#) (Edge Computing), [Armada](#) (Edge Computing), and [nOps](#) (Cloud Optimization Tools), each raising over USD 30 million. Armada aims to expand its platform and partnerships, while Gcore focuses on AI innovations with NVIDIA-powered servers. nOps plans to accelerate platform development and integrate with AWS and Karpenter.

CNT accounted for more than two-thirds of Cloud Tech funding led by growth-stage deals

Cloud Tech funding mix (Q3 2024)
(USD millions)



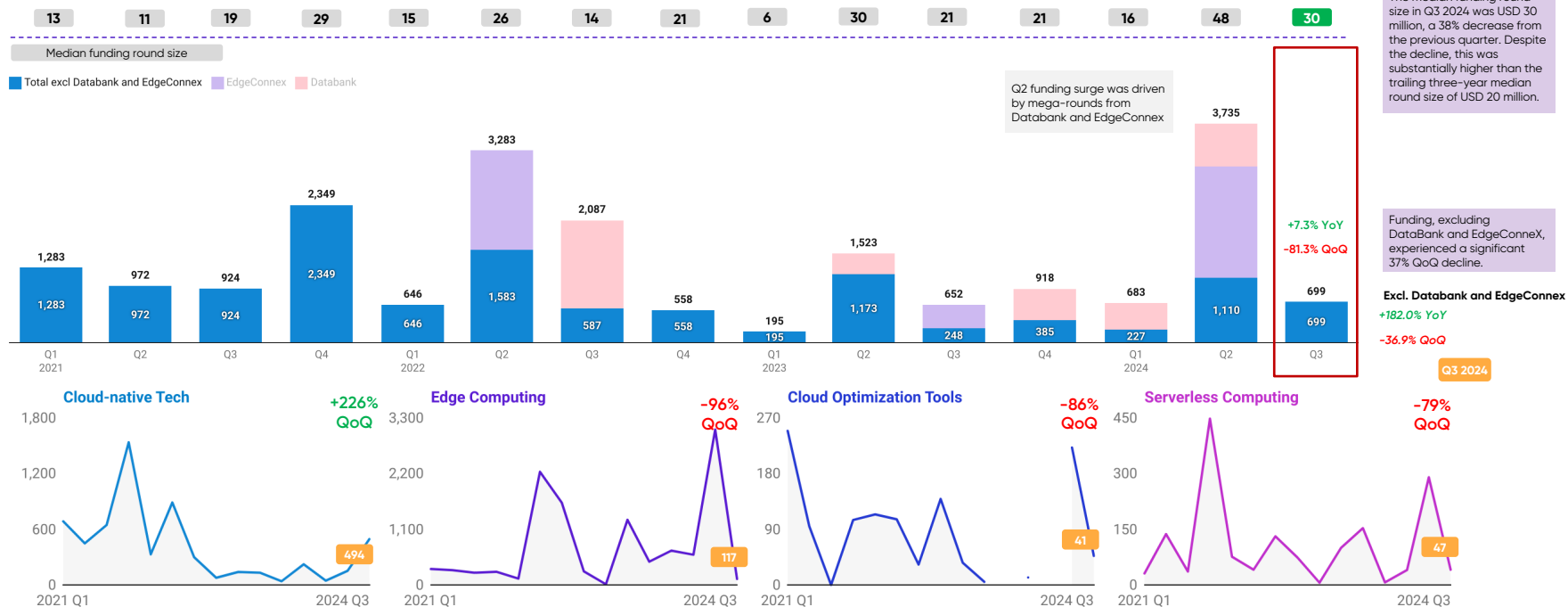
Source: Funding data powered by Crunchbase

Funding

CNT was the only bright spot, as funding plummeted from an inflated Q2

Cloud Tech funding by industry

(USD millions)



Funding rounds that involve multiple industry hubs are allocated to the hub with the most significant overlap in scope

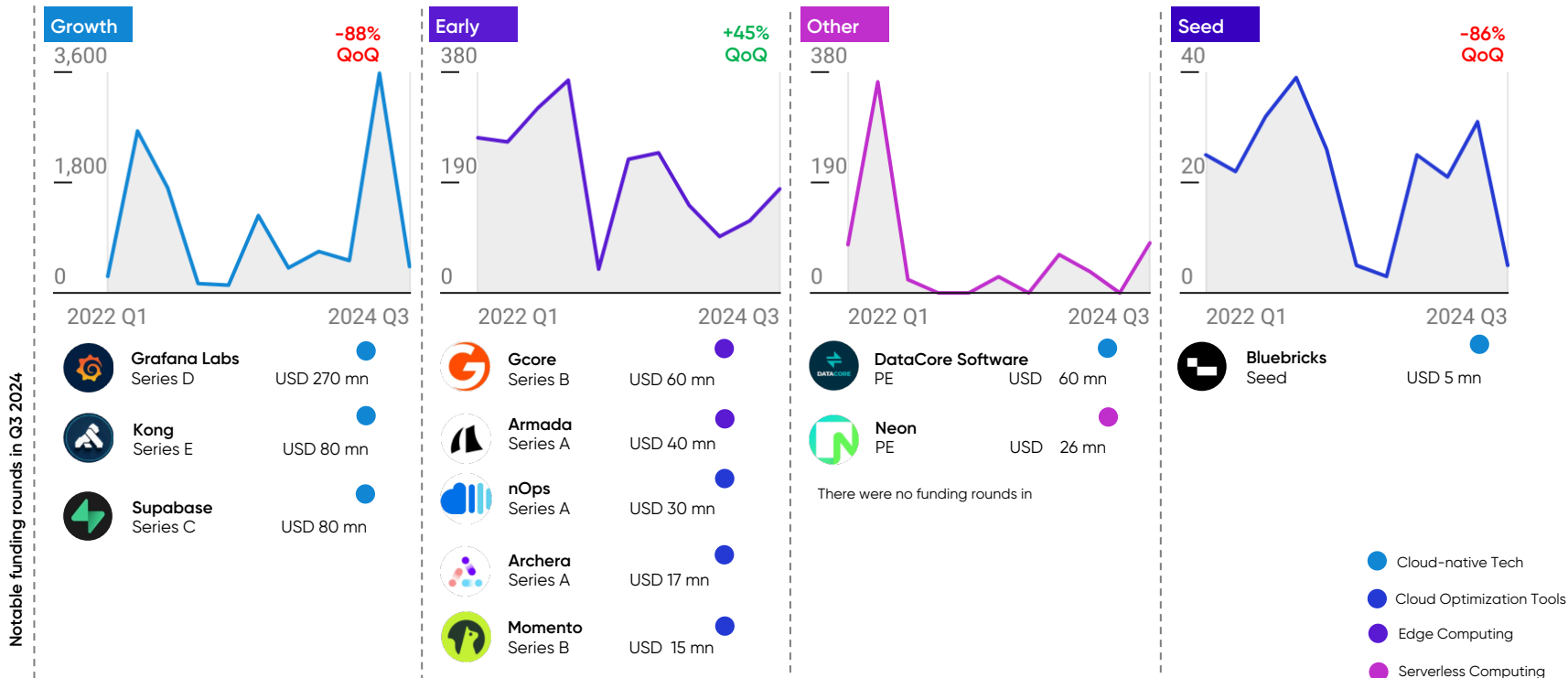
Source: SPEEDA Edge • Funding data powered by Crunchbase

Funding

Early-stage funding picked up; growth and seed saw sharp declines

Funding by stage

(USD millions)



Source: Funding data powered by Crunchbase

Product updates

Analyst Take: AI integration in edge computing and CNT was a prominent theme, with new products and features from [Coanzant](#), [Advantech](#), [SensiML](#), [Red Hat](#), and [Redis](#). These innovations focus on enabling intelligent decision-making, real-time processing, and advanced analytics at the edge and in cloud-native environments.

Cloud cost optimization and management were other focus areas, with new solutions from [Harness](#), [Nutanix](#), [Zesty](#), and [Rafay Systems](#). Recent trends in Cloud Optimization Tools focus on enhancing efficiency and cost management across diverse cloud environments. These new products and features emphasize AI-driven insights, automation, and comprehensive visibility to help organizations optimize their cloud spending and resource use.

Advancements in serverless computing were also seen, with [Pinecone](#) expanding its serverless vector database and [Cloudflare](#) enhancing its Workers AI platform for scalable, efficient solutions for machine learning and AI-powered applications.

AI and hardware innovations for cloud management and edge computing

SPEEDA Edge quarterly reports | Cloud Tech (Q3 2024)

GenAI/AI integration

Cloud tech product updates (Q3 2024)

	Version upgrade A release of new product that includes improvements, bug fixes, and new features	New product A new product that provides unique functionalities previously not offered	Feature add-on Introducing new functionalities or capabilities to the existing solutions
Cloud-native Tech	Mirantis Kong Broadcom Kubernetes	RedHat Nutanix SiMa.ai CAST AI Docker Pulumi JFrog	RedHat Redis Redpanda Komodor Rafay Systems Couchbase SUSE Datadog
Cloud Optimization Tools		Harness Flexera Zesty	Nerdio Vantage
Edge Computing	pgEdge	Gcore Scale Computing Alphabet Cognizant NTT Data SensiML Advantech EdgeConneX HPE Intel	Zenlayer
Serverless Computing			Cloudflare Pinecone Amazon Alphabet Fauna

Source | SPEEDA Edge

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Red Hat integrates GenAI into OpenShift; startups advance cloud management and edge computing through AI

- Cloud-native Tech
- Cloud Optimization Tools
- Edge Computing

Products to facilitate Gen AI/AI workloads



- Red Hat previewed GenAI capabilities for its OpenShift platform through [OpenShift Lightspeed](#), which simplifies the management of Kubernetes-based OpenShift instances. The feature is available for OpenShift version 4.15 or higher.

Additionally, it launched [Red Hat Enterprise Linux \(RHEL\) AI](#), a platform for GenAI development in hybrid cloud environments. RHEL AI integrates Granite LLMs and InstructLab tools, enabling users to develop and deploy GenAI models for enterprise applications across cloud and on-premises servers.



- Cognizant launched [Cognizant Neuro Edge](#), a platform to allow businesses to leverage AI and GenAI at the edge.



- SensiML introduced an open-source AutoML software called "[Piccolo AI](#)" for developing intelligent sensor algorithms at the edge.



- Alphabet launched Google [Distributed Cloud Edge \(GDC\)](#), an air-gapped appliance that runs Google's cloud infrastructure stack, including Kubernetes clusters, data security services, and the Vertex AI platform.



- SiMa.ai launched [MLSoC Modalix](#) for multimodal Edge AI, supporting various AI models such as CNNs, transformers, and GenAI.

GenAI/AI-based product enhancements



- Harness introduced multiple AI-powered features to help organizations optimize cloud costs and manage multi-cloud environments.



- RedPanda introduced [AI integrations](#) for RedPanda Connect, adding connectors for OpenAI, AWS Bedrock, and vector databases, plus GPU clusters on GCP for AI workloads.



- Redis added new features to streamline development, including [Redis Copilot](#), an AI assistant for providing guidance on database usage and query generation.



- Gcore launched [Gcore WAAP](#), an AI-driven web application and API protection solution.







- Komodor introduced [Kludgia](#), a GenAI agent for its Kubernetes management platform, to detect issues, prioritize critical problems, and analyze configurations to identify root causes.







- Nutanix launched Nutanix [Cloud Platform 2.0](#), with AI-driven operational insights for resource optimization and cost reduction.

VMware elevates cloud management; SUSE, Datadog, and Zesty drive innovations in cloud monitoring and optimization







● Cloud-native Tech ● Cloud Optimization Tools

Company	Product	Description
	VMware Cloud Foundation, Tanzu	• Launched VMware Cloud Foundation 9 with enhanced management, security, and self-service features, along with Tanzu 10, which streamlines cloud-native app development and introduces AI solutions for scaling GenAI-powered applications
	Datadog Monitoring for Oracle Cloud	• Released Datadog Monitoring for Oracle Cloud Infrastructure (OCI) , allowing Oracle customers to monitor cloud-native and traditional workloads with telemetry
	Capella Columnar	• Couchbase launched Capella Columnar on AWS as part of its database-as-a-service, added vector search to Couchbase Mobile, and introduced a new free tier for developers
	Rancher Prime	• Integrated its recent acquisition , StackState, into Rancher Prime 3.1, enhancing its container management service with full-stack observability

Company	Product	Description
	Kubernetes Security Posture Management	• CAST AI launched a Kubernetes Security Posture Management (KSPM) solution that scans clusters for misconfigurations, vulnerabilities, and compliance issues
	Cloud Insights and Automation Platform	• Launched its Insights and Automation Platform to improve cloud spending efficiency and support multi-cloud strategies
	Cost optimization suite	• Launched a cost optimization suite for Kubernetes, enabling dynamic scaling, auto-rightsizing of clusters, and policy enforcement
	Technology Intelligence Platform	• Launched its Technology Intelligence Platform, powered by Technopedia, to unify IT asset management (ITAM) and FinOps

Edge hardware innovation continues; Pinecone and Cloudflare advance serverless computing solutions

● Edge Computing ● Serverless Computing

Company	Product	Description	Company	Product	Description
	Edge AI platform	<ul style="list-style-type: none">Launched an Edge AI platform for industrial and manufacturing sectors, enabling real-time decisions and advanced AI use cases with integrated data processing and AI model management		Pinecone Serverless	<ul style="list-style-type: none">Expanded Pinecone Serverless to include Google Cloud and Microsoft Azure and its existing AWS service
	HC3450FG	<ul style="list-style-type: none">Introduced HC3450FG, a new GPU-enabled appliance in the HC3000 series, designed for data-intensive applications and AI workloads		Workers AI	<ul style="list-style-type: none">Cloudflare enhanced its serverless AI platform, Workers AI, with faster inference, support for larger models like Llama 3.1 and 3.2, improved performance analytics, and more affordable queries
	MIC-733-NEMA	<ul style="list-style-type: none">Launched the MIC-733-NEMA, an Edge AI GPU system for intelligent traffic solutions, featuring a compact and fan-less design, wide temperature range, surge protection, flexible expansion, and support for the NVIDIA AI software stack			
	ProLiant DL145 Gen11 server	<ul style="list-style-type: none">Hewlett Packard Enterprise (HPE) launched the ProLiant DL145 Gen11 server, a compact solution for diverse Edge locations			

Partnerships

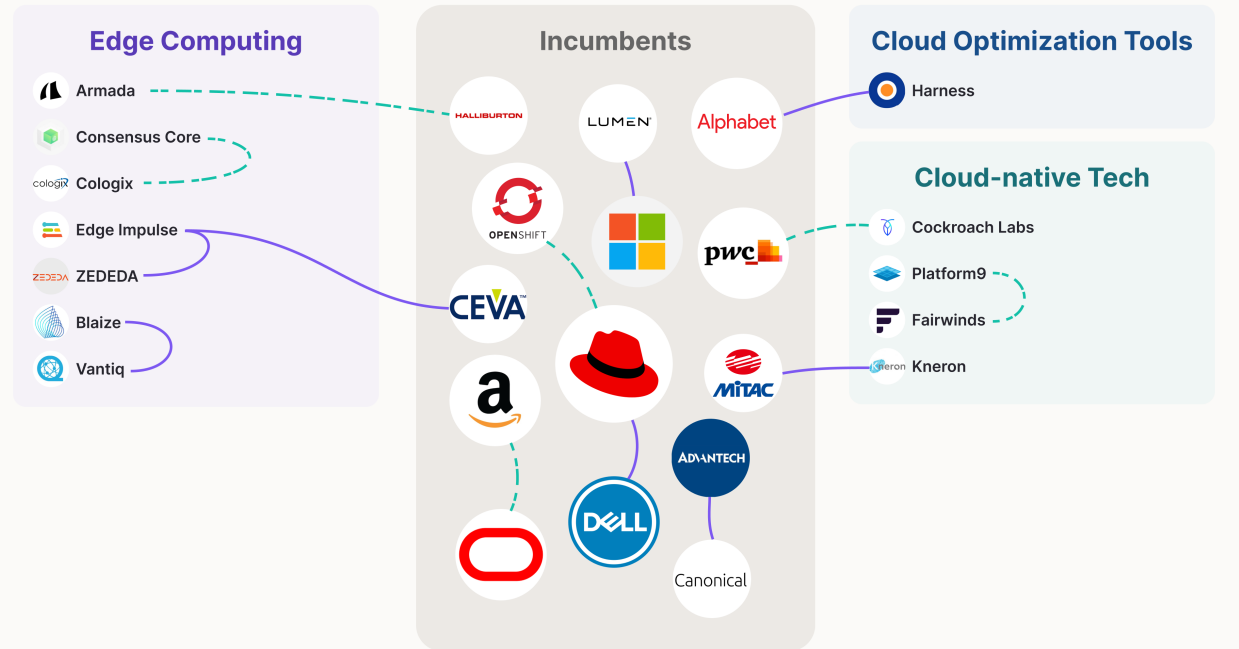
Analyst Take: The integration of edge computing and AI was a dominant theme, with partnerships like Advantech-Canonical, Blaize-Vantiq, [ZEDEDA-Edge Impulse](#), and [Ceva-Edge Impulse](#) focusing on embedding AI capabilities into edge platforms. These collaborations aim to enhance intelligent decision-making, improve efficiency, and enable new use cases in IoT and industrial environments like predictive maintenance, autonomous quality control, and smart energy management, highlighting the growing importance of AI at the edge.

Cloud-native technology optimization is evident in partnerships such as Platform9-Fairwinds and Dell-Red Hat. These collaborations address Kubernetes cost management, simplify AI infrastructure deployment, and integrate advanced technologies into existing platforms. The focus is on making cloud-native solutions more accessible, cost-effective, and efficient for enterprises of all sizes.

Edge AI and cloud-native tech enhancements drive partnerships

SPEEDA Edge Insight | Cloud Tech (Q3 2024)

Cloud tech partnerships (Q3 2024)



Source | SPEEDA Edge research

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Red Hat and Harness propel AI development; Oracle and Cockroach Labs pioneer database enhancements

----- Product partnership
----- GenAI/AI partnership

Red Hat [partnered](#) with Dell to bring the Red Hat Enterprise Linux AI (RHEL AI) platform to Dell's PowerEdge servers for AI development.



Platform9 [partnered](#) with Fairwinds to address cost control challenges in public cloud deployments by tackling Kubernetes over-provisioning and enhancing EKS cluster efficiency with its Elastic Machine Pool technology.

Oracle and Amazon Web Services (AWS) partnered to launch [Oracle Database@AWS](#), allowing customers to access Oracle database services within AWS.



Harness expanded its [partnership](#) with Google Cloud to integrate GenAI technologies into the software development lifecycle, introducing Harness AI Productivity Insights for Gemini Code Assist to provide metrics on AI-driven productivity gains.

Cockroach Labs [partnered](#) with PwC UK to help banks and financial institutions tackle regulatory compliance challenges and modernize outdated platforms.



Blaize, ZEDEDATA, Vantiq, and Edge Impulse forge partnerships to advance edge AI solutions

----- Product partnership

----- GenAI/AI partnership

ZEDEDA [partnered](#) with Edge Impulse to allow customers to deploy Edge Impulse AI models through the ZEDEDATA Marketplace.



Ceva and Edge Impulse [partnered](#) to integrate Ceva's NeuPro-Nano NPUs with the Edge Impulse Platform, accelerating the development of embedded machine learning applications for IoT devices.

Blaize [partnered](#) with Vantiq to launch the Blaize AI Orchestration Platform, combining Blaize's Graph Streaming Processor technology with Vantiq's intelligent software.



Advantech [partnered](#) with Canonical to launch Ubuntu Pro for Devices on its edge computing platform, enhancing security, support, and development for IoT, AI, and industrial applications.

Cologix [partnered](#) with Consensus Core to launch NVIDIA-powered GPU-as-a-service in Canada.



M&As

Analyst Take: The number of Cloud Tech deals halved in Q3 2024 (5 vs. 10 in Q2).

K1 Investment Management's acquisition of MariaDB took the open-source database company private, [signaling](#) a strategic shift. With the recently appointed CEO's history of restructuring companies, MariaDB may be preparing for a potential future sale or acquisition, positioning itself for further market consolidation or strategic partnerships.

IBM's Kubecost deal significantly strengthens IBM's position as the [leader](#) in cloud cost management solutions by enhancing its FinOps Suite with Kubernetes-specific cost monitoring.

Meanwhile, HPE's and Confluent's acquisitions reflect the ongoing trend of consolidation and capability expansion in Cloud Tech.

Confluent and HPE push consolidation strategies, as K1 acquires struggling MariaDB

Cloud-native Tech

HPE [acquired](#) **Morpheus Data**, a company specializing in hybrid cloud management and platform operations software.

HPE aims to streamline IT complexity by expanding the hybrid operations capabilities of its HPE GreenLake cloud platform and allowing customers to understand their cloud spending, enforce usage controls, and optimize workloads to reduce costs.

Confluent [acquired](#) **WarpStream**, a Kafka-compatible data streaming platform.

WarpStream's Bring Your Own Cloud (BYOC) architecture, built on object storage, aligns with Confluent's Kora engine and supports large-scale workloads with relaxed latency in customers' cloud environments.

MariaDB, a company that commercializes an open-source relational database, was [acquired](#) by **K1 Investment Management** for an undisclosed amount, taking the company private.

The transaction was set at USD 0.55 per share, valuing the company at ~USD 37 million. MariaDB, after struggling as a public company post-SPAC, faced a failed takeover bid from Progress.

Edge Computing

SoftBank [acquired](#) UK-based AI chip startup **Graphcore**. Graphcore has developed a new type of processor called an "intelligence processing unit" (IPU) specifically for AI workloads.

SoftBank is enhancing its AI capabilities by acquiring Graphcore, which will remain a wholly-owned subsidiary and retain its name and offices.

Cloud Optimization Tools

IBM [acquired](#) **Kubecost**, a FinOps startup specializing in Kubernetes cost monitoring and optimization.

IBM will integrate Kubecost into its FinOps Suite, boosting cost transparency and resource optimization for Kubernetes workloads, aligning with its strategy to enhance multi-cloud cost management and IT capabilities.



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