



EQUITY RESEARCH

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Veeam

TEAM

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Veeam

Software for data backup, recovery, and security across cloud, virtual, and physical environments

#data-backups #b2b #data-security

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Details

HEADQUARTERS

Columbus, OH

CEO

None



REVENUE

\$1,500,000,000

2024

VALUATION

\$5,000,000,000

2024

GROWTH RATE (Y/Y)

50%

2024

FUNDING

\$500,000,000

2024

Product

Veeam was founded in 2006 by Ratmir Timashev and Andrei Baronov, initially launching monitoring and reporting tools for virtual infrastructure called Veeam Monitor and Veeam Reporter.

Veeam found product-market fit in 2008 with an integrated backup solution for IT administrators managing VMware virtual machines. Prior to Veeam, backing up VMs required cobbling together different pieces of software for archiving, deduplication, and storage management, then manually moving data to tape or hardware.

The core product, Veeam Backup & Replication, allows IT teams to automatically back up virtual machines and their data, enabling quick recovery in case of failures. When a company's virtual servers need to be restored, Veeam can recover them in minutes rather than the hours or days required by traditional backup methods. The product works by taking continuous snapshots of virtual machines, deduplicating the data to save space, and storing it in a format that allows for granular recovery of individual files or entire VMs.

Over time, Veeam expanded beyond VMware to support Microsoft Hyper-V virtualization, physical servers, and cloud workloads. The company added complementary products like Veeam ONE for infrastructure monitoring and Veeam Backup for Microsoft Office 365, but maintained its focus on making enterprise backup and recovery simple and reliable for IT administrators.

Business Model

Veeam is a subscription-based data backup and security platform that helps enterprises protect their data across on-premises, cloud, and SaaS environments. The company offers tiered pricing based on both the amount of data being backed up and additional security features needed, with plans ranging from Foundation (10TB backup) to Enterprise (200TB+ with advanced features).

The company monetizes through three main revenue streams: software subscriptions (~40% of revenue), maintenance contracts (~40%), and professional services (~20%). Their flagship product, Veeam Backup & Replication, is sold through a 100% channel model via value-added resellers and managed service providers, who can also build their own backup services on top of Veeam's platform.

Veeam's competitive advantage stems from its early focus on virtualized environments and subsequent expansion into cloud backup. The company has successfully pivoted from selling perpetual licenses for on-premises hardware appliances to a cloud-first SaaS model, improving gross margins from 69% to 77%. This shift allows Veeam to capture additional revenue through upsells of security features like ransomware protection and compliance tools, while maintaining the stickiness of backup relationships that typically last 5+ years.

Competition

Veeam operates in the \$17B data backup and protection market, which has evolved from simple backup tools to comprehensive data management and security platforms.

Traditional enterprise backup providers

The established players include Commvault (\$819M revenue) and Dell EMC, who built their businesses selling perpetual licenses for on-premises backup software. These vendors typically have deep integration with enterprise hardware and tape systems, but have been slower to transition to cloud-native architectures. Commvault maintains strong enterprise relationships but operates at lower margins (69%) compared to newer cloud-focused vendors.

Cloud-native challengers

Cohesity (\$440M revenue) and Rubrik (\$628M revenue) emerged as cloud-first alternatives, offering integrated appliances that combine backup software with storage. These companies have achieved higher growth rates and better gross margins (77-82%) through subscription-based pricing models. They're expanding beyond pure backup into adjacent markets like ransomware protection and data governance.

Specialized backup providers

Companies like Druva focus exclusively on cloud-based backup-as-a-service, while OwnBackup and Datto target specific platforms like Salesforce or Microsoft 365. These specialists often achieve deeper platform integration but serve narrower use cases.

The market is increasingly defined by vendors' ability to support hybrid cloud environments while adding security and compliance capabilities. Cloud service providers like Microsoft and Google are becoming both partners and potential competitors, as evidenced by Google's acquisition of Actifio. Veeam's transition from perpetual licenses to subscription revenue (86% of total revenue) mirrors the broader industry shift toward cloud-based delivery models.

TAM Expansion

Veeam has tailwinds from the rapid growth in data generation and cloud migration, with opportunities to expand beyond its core backup business into adjacent markets like cybersecurity and data governance.

Enterprise data protection and management

The core data backup and protection market is worth approximately \$17B annually, with Veeam already capturing significant share through its transition from on-premises to cloud-native solutions. As enterprises continue migrating workloads to hybrid and multi-cloud environments, the complexity of data protection increases, driving demand for comprehensive backup solutions.

Cybersecurity expansion

The cybersecurity market represents a \$200B opportunity by 2028, with Veeam well-positioned to expand through its existing data visibility and immutable filesystem capabilities. The company's recent pivot toward security-focused products, including ransomware prevention and detection, leverages their deep integration with customer environments. Their hiring of former CIA CISO Michael Mestrovich and CISA director Chris Krebs signals serious intent to compete in this space.

Data governance and compliance

Growing regulatory requirements around data privacy present a \$40B market opportunity. Veeam's existing ability to catalog and index customer data across environments positions them to expand into compliance management, competing with pure-play vendors like BigID and OneTrust. The company has already begun this expansion through products like Polaris Sonar, which helps enterprises discover and classify sensitive data. As privacy regulations continue proliferating globally, with 27 new U.S. privacy bills proposed in 2021 alone, demand for integrated governance solutions will grow significantly.

Risks

Market commoditization: The data backup and protection market is becoming increasingly commoditized with numerous players offering similar capabilities. Between Commvault, Cohesity, Druva, and others, Veeam faces intense pricing pressure and needs to constantly discount to win deals. Without clear differentiation beyond core backup functionality, Veeam risks seeing its margins compress.

Transition execution risk: Veeam's pivot from on-premise hardware/software bundles to cloud-based SaaS requires significant changes to its business model and go-to-market strategy. While subscription revenue is growing at 40%, the transition cannibalizes higher-margin perpetual license revenue and requires heavy sales & marketing investment at 77% of revenue. This creates near-term profitability pressure with -12% contribution margins.

Cloud provider competition: Major cloud providers like AWS, Microsoft Azure, and Google Cloud are expanding their native backup capabilities. These providers have inherent advantages in protecting workloads running on their platforms. While Veeam has partnered with Microsoft, the cloud giants could eventually squeeze out independent backup vendors, similar to how they've consolidated other infrastructure services.

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