

**Virtual Computer Secures Financing; Citrix Nods in Approval**

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Comment by [Michael Rose](#)

One of the most innovative companies in the desktop virtualization market is one you've probably never heard of; Virtual Computer. This Boston-based company is pioneering the use of bare metal client hypervisors as a platform for desktop management, and is led by a very experienced CTO, Alex Vasilevsky, who co-founded server-virtualization vendor Virtual Iron.

Although Virtual Computer's product strategy is based upon the use of a client-oriented version of the Xen hypervisor, it considers itself a desktop management vendor, not a virtualization company. Although this difference may seem like semantics, IDC believes it represents a main point of differentiation between the server and desktop virtualization market. IDC believes that compared to server virtualization, desktop virtualization will be far less disruptive, and that hypervisors will permeate desktop hardware far more quickly and extensively than servers, only a minority of which are virtualized according to our most recent data.

In its newly [announced](#) second round of funding, Virtual Computer has raised \$15 million; an impressive sum given the current economic climate. This round has provided the company with the funding necessary to ramp its internal investment in order to accelerate growth, something that will be essential for a company that will quickly face competition not only from virtualization powerhouses VMware and Citrix but from established desktop management vendors such as Symantec, BMC, and others. Eventually, even Microsoft can be expected to weigh in with a serious client virtualization solution that will displace its current type-2 hypervisor, Virtual PC.

Although Virtual Computer has yet to release its product to the market, company insiders have informed IDC that it has a very healthy sales pipeline and a fairly extensive list of beta customers interested in adopting its platform. Look for Virtual Computer to begin building a global sales channel and to release its platform during the first half of this year.

Velocity of growth will be the most essential key to success for Virtual Computer, given its high forward sales expectations, and its opinion that an early exit would most likely be disappointing. However, given the recent announcement from Citrix and Intel that those two companies are collaborating on a Xen-based client hypervisor to ship in the second half of 2009, IDC does not expect Virtual Computer to stay independent for long. Given the impact that virtualization will have on traditional desktop management vendors, IDC expects that Virtual Computer's advanced IP will prove irresistible, and may very well lead to a "XenSource-esque" acquisition by one of those vendors.

Of particular interest in this funding announcement is the fact that Citrix was an investor. Although this is not the first time the company has made a strategic investment in a virtualization start-up (it invested in desktops-as-a-service vendor DeskTone last June), this move is unique in that Citrix's newly announced Project Independence and Virtual Computer's NxTop will compete when they both become available in the market. According to persons involved, Citrix's involvement in this round of funding was minor compared to other investors, and will not give the company any type of control over corporate governance. As such, IDC expects that the investment by Citrix most likely represents a goodwill gesture attempted to facilitate a close relationship between two companies that are trying to validate the use of Xen-based hypervisors as a future foundation for desktop management.

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