Market Roundup
May 21, 2004

EMC Introduces Entry Level NAS Gateway

By Charles King

EMC has announced the NetWin 110, a new entry-level solution that extends the company's NetWin NAS product family. According to EMC, the new product will be available in both direct attached and gateway configurations, and provides a cost-effective solution for customers looking to implement a NAS for the first time or to expand existing SANs by enabling NAS functionalities. Trial copies of LEGATO data protection software will be included with the new products. Based on Microsoft Windows Storage Server 2003, the NetWin 110 is designed to allow users including SMBs and enterprise departmental, remote, and small deployments to leverage EMC CLARiiON storage to support processes such as File, Print, and Microsoft Exchange consolidations. The NetWin 110 NAS Gateway has a starting list price of $6,100, and will be available exclusively through authorized EMC distributors including Arrow Electronics, Avnet Hall-Mark, Tech Data, Ideal, and the Technology Integration Group (TIG). No specific availability date was included in the announcement.

Though it qualifies as an entry-level addition to an established NAS product family, the NetWin 110 provides EMC new tactical opportunities to pursue and offers some interesting food for thought regarding the company's larger strategy. On the tactical side, the NetWin 110 fills part of an existing hole. While EMC has focused increasing attention on SMBs and lower-level enterprise applications, its range of truly entry-level products has been limited. Overall, the company has tended to leave that end of the market to commodity players such as good buddy Dell, whose PowerVault solutions fulfill the basic storage needs of many of its SMB customers. While EMC does not yet offer a storage array priced for this market, the NetWin 110 should allow the company to expand its interest and influence if and when it does deliver such a product. The gateway version of the NetWin 110 also leverages EMC's ongoing gateway efforts, which aim to simplify user access to storage options including the company's CLARiiON products. In essence, the NetWin 110 allows EMC to extend its information lifecycle management (ILM) concept to new classes of customers and enterprise applications. Overall, we see this new product as a tactical move to aid EMC's ongoing efforts in transforming itself from an exclusively large enterprise vendor into a provider of storage solutions for a widening variety of companies and business needs.

Strategically, the NetWin 110 announcement is most notable for what is absent: Dell Computer. EMC's ongoing partnership with Dell has succeeded admirably for both companies, though one could argue that EMC's efforts to refashion itself for the lower end of the market have out-shone Dell's attempts to become a convincing large enterprise player. Dell's absence from EMC's announcement is not particularly surprising, since the company offers PowerVault solutions with many or most of the capabilities of the NetWin 110. But EMC's decision to take the NetWin 110 to market with its own authorized distributors suggests that the company is confident in its ability to succeed in once-unfamiliar territory without Dell's formidable presence. Overall, this is good news for EMC and its customers, though we expect the company's competitors in this end of the market may have a different take on these developments.

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iSeries: The Foot in the Door

By Jim Balderston

IBM has announced a partnership with PeopleSoft to offer industry-tailored PeopleSoft offerings through IBM channel partners. These offerings will be targeted at SMBs and will consist of specific hardware/software bundles made available to customers through resellers. IBM and PeopleSoft will collaborate on the development of the industry-specific offerings and will also collaborate on Linux development efforts. IBM said that the new offerings will be available on the eServer i520, which in IBM tests demonstrated a 60% increase in users at dramatically lower cost per processor than previous iSeries offerings.

A reasonable question arises in examining this announcement, which is simply: Are SMBs looking to add PeopleSoft applications to their IT footprints at the same time they are struggling to bring their IT deployments under control through consolidation and centralized control? Perhaps mid-tier enterprises which have already done a good share of their consolidation work will lean in this direction. Others, we suspect, will wait for the dust to settle in such efforts before bringing in new, complex applications to their IT environments. In the meantime, however, IBM now offers its resellers another arrow in their SMB offerings quiver while PeopleSoft gains access to a growing SMB channel that is gaining real momentum.

That said, we see the core of this announcement centering on the iSeries platform, and the new i5 in particular. For many SMBs now going through the consolidation process, the i5 offers the opportunity to reduce the number of servers in the organization by sizable amounts. i5 offers partitioning and performance that allows multiple OS environments to be run on single machines, and allows Intel-based servers running Windows applications to be controlled running inside or outside the i5 box. As SMBs consolidate around i5, their interest in acquiring new industry-specific PeopleSoft applications will in all likelihood increase. In short, as IBM continues to offer SMBs the ability to achieve task one — consolidation — on the i5, they are additionally laying the foundation for future sales also running on iSeries offerings. Foot in the door, indeed.

StorageTek Ends ILM Wrangling

By Charles King

According to published reports, StorageTek has halted efforts to trademark the widely used term “ILM” (information lifecycle management). In September 2003, StorageTek announced plans to pursue trademark efforts for the term, which the company claimed to have originated, as ILM was being widely adopted across the IT industry to describe specific styles of storage management. A StorageTek representative was quoted as saying that the trademark effort was aimed at demonstrating that the company was the originator of the ILM concept, and “that mission has been accomplished for us now.” The company did not issue a formal statement regarding the decision to stop its trademark efforts.

For those not acquainted with storage arcana, ILM, or information lifecycle management, is a term commonly used to describe the process of automatically moving data to the storage media that best matches its intrinsic value. In the ILM world view, since the value of information decreases over time, it is both cost-effective and wise to shift data from high-end RAID arrays, for example, to lower-cost ATA-based solutions, to long-term tape-based archives, in order to best utilize storage resources. Despite some evidence that StorageTek had originated the concept of ILM, the company’s trademark effort was viewed by many as a quixotic effort aimed at closing the barn door long after Rocinante had exited the premises. Indeed, while StorageTek long used ILM to describe its solutions’ strategic goals, it had never specified the term as a brand similar to Windows and other recognizable IT products. As a result, storage vendors felt free to use ILM to illuminate their own solution strategies. Given this, it is not too difficult to discern why StorageTek would abandon its trademark effort. Declaring victory and going home is an old tradition that preserves valuable resources, curtails bruising injury, and avoids embarrassing defeat.

But while StorageTek’s decision ensures it will not be deemed a loser despite its lengthy ILM efforts, it is also impossible to find an information lifecycle management winner in all this. The reasons are relatively simple.

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While virtually all storage vendors have taken ILM deeply into their bosoms and marketing departments, the concept is and remains a strategic goal, not a product feature. In other words, while ILM represents one worthy destination in a larger storage journey, making it a singular brand for storage solutions is nonsensical. The situation is analogous to working with travel agents. Most every storage vendor is offering some variant of ILM, but since all offer a wide variety of storage hardware, software, and service solutions, each is delivering customers a discreetly and significantly different ILM experience. The result of this has been both confusion in the market and dilution of the concept of information lifecycle management. At the end of the day, StorageTek's decision to halt its trademark effort was all to the good. Not only does the company avoid a battle that would be, at best, difficult to win, but it also allows StorageTek to focus its resources on clarifying the roadmap for its customers' understanding of the ILM journey the company originally initiated.

Secure about Insecurity?

By Jim Balderston

Deloitte 2004 Global Security Survey reveals that more financial enterprises experienced security breaches in the past year compared to the previous year and that many of these breaches resulted in financial loss. The survey indicated that 83% of the respondents confirmed that their systems had been compromised in the past year, compared to only 39% admitting so for the year 2002. Of those that reported intrusions, 40% said those break-ins resulted in financial losses. Of those surveyed, 70% said that viruses and worms were the biggest threat to their IT infrastructure in the coming year, yet only 87% had system-wide antivirus protection in place, down from a reported 98% in the previous year. One-third of the companies said that security products they had purchased were not being used properly, while one-quarter of the respondents said their security budgets are presently frozen.

Given all the hype surrounding the need for cyber-security, it is interesting to note that many enterprises are apparently slacking off on deploying security measures, even if those measures are designed to address the most potent threats identified by IT managers. Also equally notable is the idea that more than twice the number of incidents was reported in the course of just one year. Are these incidents growing that quickly? Perhaps. We also suspect that the stigma of acknowledging such intrusions is diminishing as time passes, and IT managers are more willing to fess up than they were in past years.

We also suspect that there is a greater amount of skepticism from both IT managers and their bosses when it comes to the FUD propagated by security firms. Doomsday scenarios lost much of their luster after the great Y2K spending binge and subsequent non-event. The sky certainly didn't fall then, and many IT managers suspect it won't in the coming years. Given the fact that information is being created and stored at an ever-increasing rate, we are not particularly surprised that the idea of 100% security all of the time is sliding toward the dustbin of history. For decades manufacturers of all types have accepted a certain level of breakage. In more recent years, credit card companies have come to accept a specific level of fraud or theft, and have put in measures to keep those levels within an acceptable range. Going forward, we see IT security issues treated much the same: some losses will occur, and as long as they are within acceptable ranges the quest for 100% security all of the time will rightly be looked on as a quaint, but unattainable ideal.

Google Introduces File and Text Search Tool for the PC

By Rob Kidd

According to news reports, Google is planning to introduce software to search for file and text information stored on PCs. The software, code-named Puffin, has been running internally at Google for about a year, and it was reported that it would initially be available as a free download from Google's Web site. The release of Puffin would continue the desktop software strategy of the company which has been quietly growing over the past year with offerings such as the Deskbar, which provides Web searching through a small dialog box in the Windows taskbar, and the Google Toolbar, which resides just below the Internet Explorer toolbar.

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A Puffin conjures up the image of a black-and-white sea bird flying for miles in search of sustenance and may in fact prove an apt metaphor as the final Google product may fly across both the Internet and PCs in search of information. Puffin is a logical continuation of Google's strategy of exploring other plays in information search beyond its core business of Internet searching as witnessed by its search system product that is designed to index and retrieve information created and stored by a single organization or enterprise. The integration of Google's traditional capabilities and Puffin represent the company's first endeavor to consolidate Internet and desktop search capabilities. While Google is readying for its anticipated IPO, and obviously would like as much positive press as possible, Puffin does invoke memories of the similar, but long-forgotten AltaVista enterprise search technology that came to market and left with few people taking notice. Nonetheless, Google is understandably concerned about Microsoft's interest in Internet search technology given its plans to make integrated PC and Internet search functions part of its upcoming Longhorn operating system. By integrating more search capability into Windows, Microsoft may be setting the stage to challenge Google similarly to the way it did Netscape.

As Longhorn plans to have a new file system that can track and retrieve information in many ways not possible within the confines of the current Windows offerings, its integration of file, text, and Internet search functions into the operating environment could potentially impact standalone tools such as Google. Microsoft has demonstrated its new search technology, which emphasizes the use of natural language queries, and it would be no great surprise if Microsoft were to pursue making these queries the norm for all information search and retrieval regardless of where the information physically resides. This would dovetail with the company's ongoing strategy of keeping the desktop the focal point of all things computing. The catch is that Longhorn won't be available until at least 2006, and the advanced search capabilities Microsoft is trumpeting may not be totally operable until two or three years later, giving Google ample time to position itself for the onslaught by leveraging its already formidable presence in the market. We believe the company will likely move quickly, adding programs and services that will both enhance its brand and lower its vulnerability to potential Microsoft incursions into its core franchise by offering products and services that create strong customer loyalty. Overall, we see Google's strategy as proactive, defensive, and sound. Nevertheless, the two-plus years to the availability of Longhorn is a very long time in IT terms: enough time that either contender could cleverly leapfrog the other by developing the next big step in search and retrieval, automated analysis of information.

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