:sageza:

The Storage Market

7 October 2003

TotalStorage Business Partner Council, London, UK

Joyce Tompsett Becknell

sageza:

Agenda

- A bit about Sageza Group
- What you're tired of hearing (what I'm not going to do)
- What I'm trying to accomplish
- What's actually going on (no statistical nonsense REALLY!)
- Where the competition is weak
- Where the competition is strong
- What you should be doing about it or at least be *thinking* about
- How IBM should help you

The Sageza Group

- Independent market watch firm
  - Fact-based forward-looking analysis
  - Focused on enterprise behavior and business productivity, go-to-market issues in Europe
  - Market focus: mid-sized business and partner communities
  - Provides services to vendors, partners, and enterprises
- Founded in 2001 - management start-up with key personnel from Zona Research
  - Headquartered in Silicon Valley, CA
  - European offices, London England; Munich, Germany; Milan, Italy

Sageza – the inside story

"Sageza" from Italian word "saggezza" meaning "wisdom"

What you're tired of hearing

- Storage needs continue to grow, year-on-year
- Overall disk utilization remains appallingly low
- Companies need more for the same spending
- Partners must move away from selling product and move to services and solutions
- [fill in the blank] is the greatest vendor that ever was or ever will be and here's why you should partner with them…

What I'm trying to accomplish

- Shake off complacency (what?! I have to pay attention!!)

- Get you thinking – how to make business better faster

- Start a few arguments

- Give IBM a bit of a hard time

What's actually going on (10,000 meter view first)

- Most spending is for applying plasters to open wounds – lots of people (high cost) managing resources (various costs, mostly nowhere near as high as people) with minimal flexibility (= high fixed cost, low variable cost) and questionable returns to the business.

- Industry-wide addictions to:
    - Rapid growth
    - Rapid change
    - The next big new shiny technology that everyone must have

    (guilty parties include: vendors, channels, IT professionals, analysts, journalists, consultants, et al)

- Business people have lost patience with this (managers, financial, operations aka CUSTOMERS)

- Shareholders / financial markets have lost patience with this

- People want business answers to technology questions

What's actually going on (5,000 meters)

- Technology
  - When technology wasn't very good, anything better was worth the cost
  - High-end sales are still technology-driven (and arguably always will be)
  - Mid-range and volume sales are business-value driven or price driven (you decide…)
  - New technologies are relevant in a business context. (E.g. If this doesn't help my business, why do I need it?)

- Business
  - Convert things from fixed costs to variable costs
    - Manageability, resource utilization
  - Business process needs to be more flexible
  - Demonstrate value – let other things be commoditized
  - Understand data value as well as equipment value – high-cost technology for high-cost data
  - Make that data secure, available, instantly available

What's actually going on (2,500 meters)

- Storage as a collection of devices is deadly dull
- Storage as an accumulation of technologies seriously underused is a disaster-in-waiting
- Storage as a way to make margin is a fantasy
- Storage as a crucial part of the IT infrastructure, responsible for the management, logistics, and protection of data is the future
- Storage as a combination of hardware and software, with multiple technologies of various vintage, provenance, cost, and capability working in concert is the answer – but no one can provide that today.

Where the Competition is Weak

- Focused on products, technology
- Focused on infrastructure without connecting it to the business
- Focused on price
- Living off their reputation
- Living off other's reputation

Where the Competition is Strong

- They own the story
- Focused on integration across platforms
- Focused on end-to-end solutions – not products
- Focused on price
- Living off their reputation
- Living off other's reputation

What you should be doing or at least be *thinking* about

- – WHY IS STORAGE RELEVANT IN THE DATA CENTER
- – HOW DOES IT FIT RELATIVE TO THE OVERALL IT ISSUES OF MY CUSTOMER(S)?
- – WHAT GAME CAN I PLAY THAT MY COMPETITORS CANNOT PLAY?

- – You cannot win on price – Dell will always be able to drop the price on volume below where you can survive – **don't play the winner's game**
- – How do you add brands together to create something of value? (vendor should help here) – Taking it to a value argument mitigates price issues
- – How do you make your buyer look like a hero to his customer?
- – Who do you work with as a partner to add value to your business? (ISVs, SIs, consultants)
- – Where can you make IBM work for you? Do you take advantage of what they have? Can you communicate with them? Can IBM's sales force articulate your value proposition?
- – What do you know about business process, best practices, or policy-based management?
- – What does utility computing mean to you, your customers, and your business?
- – Can your customers demonstrate business continuity and data availability?

How IBM should help you

- Let them provide the vision and the tactical components
- Let them provide the environment for putting this together – go to market opportunities, partnering opportunities, PR opportunities (TSSC is a good start)
- Helping you to easily identify the types of customers that benefit from various tactical solutions and the strategic impact of those solutions.
- Giving you solutions that solve business benefits
- Help you make the transition from speeds-and-feeds thinking to business value thinking with new products
- Business process??!!

Questions, opinions, discussions to: joyce@sageza.com