Market Roundup

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Cisco Invests in NeoPath

HP Announces Next-Generation ProLiant and BladeSystem Servers

PlateSpin Launches Virtual Machine Optimization

Microsoft Targets Emerging Markets with Pay-as-You-Go Computing

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Cisco Invests in NeoPath

By Joyce Tompsett Becknell

NeoPath Networks, a startup provider of file storage virtualization, has announced it received $11 million in a funding round that includes Cisco Systems and previous investors August Capital, DCM-Doll Capital Management, and Gabriel Venture Partners. NeoPath indicates it will use the funds to continue customer and partner growth and to further enhance its products. NeoPath was founded in 2002, and offers a storage appliance that optimizes file storage management. The product sits in the network and manages files stored across NAS systems in a single pool, using virtual namespace and load balancing. Customers include companies in the service provider space, as well as financial services, government, aerospace, and manufacturing industries. Cisco is NeoPath's first strategic investor, but it is not specified how much Cisco has contributed to funding.

The storage market continues to be a hot space, with many startups competing alongside industry giants in a space with double-digit growth. So too, is the file virtualization space hot, and the number of startups is dwindling rapidly. Cisco is not the first company to show interest in this space. When NeoPath got started, it was competing with Rainfinity, which is now part of EMC and sold as the EMC Rainfinity Global File Virtualization appliance. NeoPath also competed with NuView, which was purchased by Brocade and is now part of its Tapestry family of software products. Other startups include Acopia Networks and Attune Systems. File virtualization will only continue to grow in importance. Networked storage became popular in the form of NAS and SAN when users had too much storage lurking on individual servers. It made more sense to store data in central locations. File virtualization has emerged now that organizations must manage the islands of files stored throughout the network, especially as ILM approaches become more popular. With ILM, storage managers try to match data or files to equipment with the appropriate costs and performance. With ILM, where information resides also depends on its age, so tiered storage is also causing information to move, driving up demand for file virtualization. In essence growing stores of information require better management, and the vendors are doing their best to make sure their solutions have all the pieces, both through organic development as well as through acquisition.

Cisco has contributed to this latest round of funding but has refused to comment on any future plans, including possible OEM deals or an outright purchase of NeoPath. Nevertheless, the investment has sent the high-tech community into a buzz. If Cisco believes that NeoPath is a good storage migration tool and wants to grow its presence in the virtualization space for networked storage, than indeed the industry should have excitement about any movement the company makes. We believe this bodes well for NeoPath in helping it in a market that has both startups as well as veterans competing in it. Any help from Cisco will give NeoPath broader exposure and help it be better positioned against smaller rivals. For Cisco, working with NeoPath at any level will help it build its capabilities. Through its relationship with EMC, it does have exposure to Rainfinity, but NeoPath could become a partner for developing its own products and compete more against Brocade. The market will continue to watch these two in their corporate dance with great interest.

HP Announces Next-Generation ProLiant and BladeSystem Servers

By Clay Ryder

HP has announced that its next-generation HP ProLiant and HP BladeSystem servers will include models powered by Intel's latest dual-core technologies: the Xeon 5100 and 5000 processor series. The new HP ProLiant and HP BladeSystem servers target customers focused on power consumption, cooling, and virtualization through a balanced architecture design, platform transitions, and improved overall IT efficiency. Advancements in key subsystems around management, networking, storage, and power efficiency, as well as the control afforded by new HP ProLiant Essentials software, aim to reduce the cost of ownership while improving system performance. The company stated that for certain enterprise applications, the new ProLiant servers could improve power-to-performance ratios and increase overall system performance by as much as 48%. HP announced key architecture enhancements including new HP Smart Array RAID controllers and a new universal drive for all HP ProLiant servers utilizing small form factor Serial Attached SCSI (SAS) disk, multifunction networking, increased memory capacity, and high-speed, remote Lights-Out access. The Integrated Lights-Out (iLO) 2 management processor with high-speed, virtual KVM and improved power management capabilities offers complete control of HP ProLiant and HP BladeSystem servers from any Web browser. The new HP ProLiant Essentials Server Migration Pack: Physical to ProLiant edition, provides customers the ability to migrate any x86 Microsoft Windows-based server to HP's latest ProLiant or BladeSystem server without the need for a ground-up deployment. The dual-core HP ProLiant DL140, DL360, DL380, ML150, ML350, ML370 and BL20p (blade) servers are expected to be available late June. Pricing will be announced at that time.

This latest announcement from HP will likely be viewed by many with a slant towards how much faster these latest and greatest dual-core CPU systems will operate, which benchmarks in which they will redefine leading-edge performance, and just how much pedal-to-the-metal in-your-seat acceleration these new systems will deliver. The press release does spend much of its ink on these speeds and feeds issues, and there is plenty for aficionados of these metrics to consume, but beyond this, we find other aspects of this announcement worthy of note, in particular the improved operational efficiency and ease of use offered. Although these servers are based upon commodity processors, the solutions themselves are anything but commodity. HP has clearly differentiated its offerings through systems management, innovation in power consumption and hence cooling, and system upgrade/migration. Parts of this value-add are delivered through Systems Insight Manager + ProLiant Essentials, as well as the iLO 2. Add to this technologies from the Peregrine acquisition that are making their way through HP product lines, and we see a substantial amount of effort expended on making systems not only faster, but easier and more cost-effective to deploy and operate, even from remote locations. This cannot be achieved solely through state-of-the-art processor technology.

Nevertheless, the overall value of servers lies not in the technical achievements, but rather in what it can do for business. At a basic level, HP states that its dual-core servers can substantially increase the performance of applications such as DBS, ERP, CRM, email and messaging, virtual machines, and terminal services. This is a good area to focus upon, but one of the challenges we raise to the industry as a whole is to learn to speak the language of business, not technology, when discussing technology offerings. As cool as a 48% increase in power-to-performance on a server is, the message of 13% more sales generated that were fulfilled in 23% less time (pick your favorite numbers) is a much more compelling discussion to have with any customer in any industry. Overall, we are pleased to see HP continuing to invest in their value-added technology and engineering excellence. We hope that the company will be able to apply the same level of acumen in raising the bar in how to position its products and articulate their business value for organizations.

PlateSpin Launches Virtual Machine Optimization

By Tony Lock

PlateSpin, based in Canada, has announced the general availability of the Consolidation Planning Module for PlateSpin PowerRecon, an automated analysis engine used to determine optimal fit between application workloads and server resources. PlateSpin supplies software tools that help organizations manage "server

virtualization." The company's software allows operating systems, data, and applications to be easily moved between computers from a single point of control, a platform that it defines as Operating System Portability (OSP). Its latest module allows organizations the opportunity not only to optimize the use of their IT assets but also to provide much greater knowledge of their server utilization and to enable better IT alignment with corporate business objectives. The new Consolidation Planning Module uses system information garnered by the PowerRecon technology, including hardware (CPU, memory, disk, network etc.), software, and performance data to model and then recommend a near-optimal allocation of server resources to the most appropriate virtual host (VMware ESX Server, VMware GSX Server or Microsoft Virtual Server).

The company has garnered some success with the PlateSpin PowerConvert solution that provides "anywhere-to-anywhere" automated migration capabilities for data, applications, and operating systems between physical servers, blade infrastructures, and different virtual machine systems, including those of VMware and Microsoft Virtual Server. The company has also built a sophisticated discovery and reporting platform, PlateSpin PowerRecon, that utilizes agent-less technology to find and then match server resources with application workloads. In this way it can become straightforward to assess how to consolidate physical servers while ensuring desired levels of application performance. The analysis tools work with servers running applications hosted on both Microsoft Windows and Linux servers. In an IT world where virtualization is fast becoming a de facto environment, the need for tools that can discover basic service information and provide optimized deployment solutions for the virtual server ecosystem will grow rapidly.

Indeed, the modeling capabilities that are also supplied by the PlateSpin Consolidation Planning Module should become a very valuable management tool. Not every physical system will benefit from running in a virtual server environment but many will. For organizations with a large handful of physical servers the need to work out which systems to virtualize and onto which physical host they should be deployed can be a complex task, especially as one of the major goals of server consolidation and virtualization is to increase the capability of IT systems to support ever more flexible business demands. It is now essential that system administrators be able to model potential solution scenarios to ensure good business service delivery while minimizing cost and avoiding service risk. Management without knowledge and with little automation is a perilous and expensive undertaking. PlateSpin's solutions are likely to attract the attention of organizations that have completed their evaluation of server virtualization and that are now ready to roll out essential business services in virtual machine ecosystems.

Microsoft Targets Emerging Markets with Pay-as-You-Go Computing

By Joyce Tompsett Becknell

Much has been made of the digital divide and the fact that millions of people around the world, particularly in emerging markets, would like to own a PC but do not currently have the capability to do so. Microsoft has taken a stab at the problem by launching a pay-as-you-go computing offering powered by its FlexGo technology in certain emerging markets. In essence, customers in these geographies can get a full-featured Windows-enabled PC at low entry costs, and they can then use prepaid cards or monthly subscription to pay for and use the system. Customers are actually paying for their computers as they use them, much as they would with mobile phones. A one-year trial was just completed in Brazil, and will now be extended to China, Hungary, India, Mexico, Russia, Slovenia, and Vietnam. Microsoft has brought together partners in hardware, telecommunications, retail, and financial services to make the project work. Partners include Brazilian retailer Magazine Luiza, AMD, HSBC Bank Brasil SA, Infineon, Intel, Lenovo, Phoenix Technologies, and Transmeta. Microsoft is currently working with the International Finance Corp (IFC), the private-sector investment arm of the World Bank, to find ways to enable financial partners to underwrite PC purchases and prepaid cards on the most affordable terms for lower-income consumers.

The notion of pay-as-you-go computing is interesting. With FlexGo technology, users are informed of time used, showing them how to add more hours by typing in a number from a prepaid card. If time isn't added, the PC gradually moves into a limited-access state until customers purchase more time either online or from local vendors. The PC is finally owned outright after a set number of hours are purchased. Microsoft estimates that this model lowers the entry costs of PC ownership by 50% or more, and is flexible in payment terms. The hardest part

of purchasing a PC for most of these customers is the initial cost. By lowering that cost significantly and then allowing them to pay off the balance as they use it—instead of a offering traditional loan with set payments—Microsoft gives customers ultimate flexibility. Of course, the next problem to be faced—which will become an issue after the next two to three years—is upgrades. Software upgrades for Windows, Office, or other popular programs are also pricey. It will be interesting to see how the model evolves. We believe that Microsoft will work out that problem as it relates on another challenge dear to Microsoft's heart: piracy. The trick will be to work out payment programs for the upgrades to software or new software packages. If Microsoft is looking to build market share, why limit this to PCs? There's no reason the same model couldn't be used for the Xbox and its games as well. This could essentially become a new franchise in technology, extending to peripherals. In fact, with Lenovo, this could become the new model that gives Dell pause in its global expansion.

This program is interesting also because it targets the twin problems that technology vendors face in emerging markets: customers can't afford U.S./European prices, and vendors cannot give the technology away. Microsoft has pioneered the pay-as-you-go approach in this space and is using its powers for good in pulling other vendors along in its wake. In many emerging markets, micro-financing has been a successful way to enable small businesses to grow. While this approach is clearly targeted at consumers, it may be a way to help the local small business community grow and invest as well. We hope to see the financial institutions, other members of the high-tech community, and local vendors actively involved in this program. This could become an opportunity for the local or regional reseller community where small business is concerned or could be a way for value-add distributors to truly add value. The possibilities around this business model are numerous. We hope that other vendors will join Microsoft and expand this program in both breadth and depth.