

HDS Makes Storage Simple

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Abstract: HDS is going after the SMB, ROBO and departmental storage markets with its new Simple Modular Storage (SMS) system. This is a new venture for the company that requires a shift in go-to-market and support strategies. Smartly, HDS focused on both the ease-of-management of the SMS and also the ease of doing business.

HDS and simple storage are not often associated with one another. HDS is usually considered as delivering high-end, advanced, high-performance, mission-critical-type storage solutions. However, HDS is expanding its universe into providing small businesses and remote office / branch offices (ROBO) with an intuitive, easy to manage storage system. This is a bold move on their part. While HDS (or any other storage vendor for that matter) doesn't have a strong brand with small businesses, they contend that Hitachi, Ltd. does, specifically with its popular consumer electronics products. Additionally, supporting this type of end-user is very different than the high-end storage customer. HDS has an answer for this too – they have already signed channel partners that know this business (big names like Ingram Micro, Lenovo and Acer) and they are providing online services.

Why would HDS go after this market? First, it is a huge market opportunity with a growth rate that exceeds other segments. The latest US Census¹ studies show that there are 1.2 million businesses with between 10-499 employees; and there are 17,000 companies with over 500 employees and they have over one million offices in the US alone (that is a lot of ROBO sites). Another major factor is that this market is still a green field opportunity with no single storage vendor that can claim victory. And the market seems to be poised to take off with storage networking becoming more cost-effective and easier to manage.

Storage Networking Drivers

The cornerstone reasons for storage networking have been fairly constant over the years. These include storage consolidation, the continuous and rapid growth of data capacity, centralized data management, and disaster recovery. However, these cornerstone reasons in and of themselves have failed to drive universal adoption of network storage within small and mid-sized enterprise companies. While they remain important and have driven a great deal of adoption, new drivers are emerging that will further accelerate implementation.

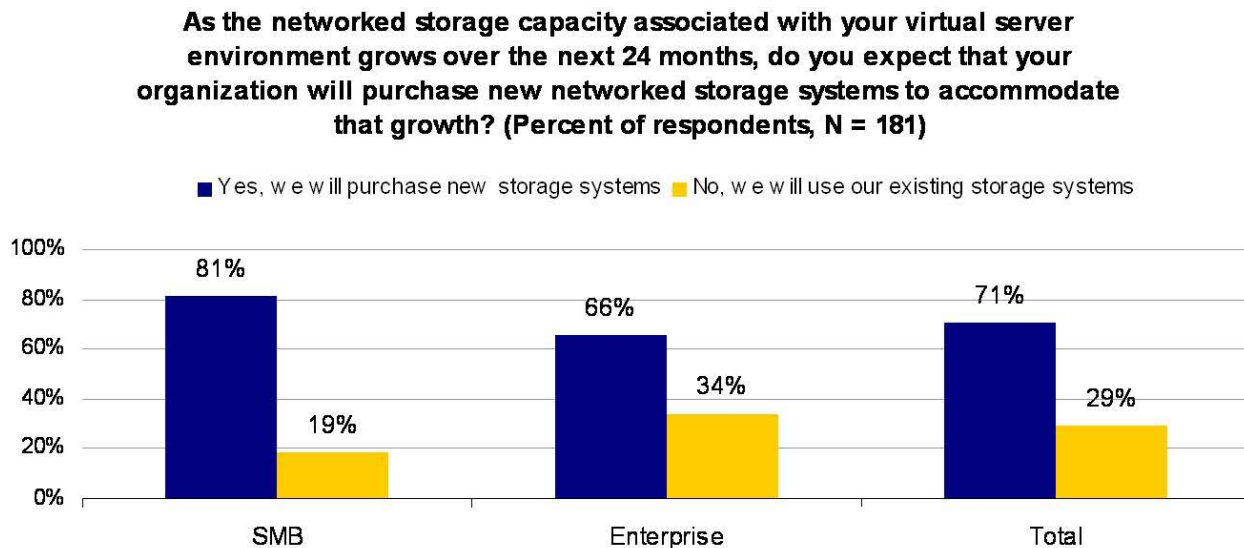
ESG believes that virtual machine technology will be the major driver of universal storage networking adoption. ESG has engaged in discussions with a number of end-users and there is a broad consensus that virtual server technology will drive network storage adoption to a new level. Virtual server technology is a viral phenomenon that enables true consolidation at the server layer. Once multiple virtual servers are consolidated into a single physical server, it becomes impractical and imprudent to also utilize internal storage. The implementation of multiple virtual servers on a single physical platform creates risk, which can be completely mitigated by storing virtual server images and their corresponding applications and data on a reliable storage networking platform.

Maintenance tasks, such as physical server upgrades, the addition of new online applications and the ability to transparently move virtual servers to other platforms based on performance needs, are greatly simplified and provide a leap in efficiency. Virtual servers create other value, including reduced floor space, reduction in power and cooling, and the ability to implement cost-effective and simplified disaster recovery. The benefits are far reaching. End-users are consolidating their servers, which will drive the need to consolidate storage. Server consolidation drives storage consolidation and networking.

¹ US Census 2004

As shown in Figure 1, ESG research found that 81% of SMB end-users we surveyed were planning on acquiring new networked storage systems to accommodate their virtual server environments.

FIGURE 1. VIRTUAL SERVER IMPACT ON NEW STORAGE SYSTEM ACQUISITION



Source: ESG Research: *Virtual Server Impact on Storage, 2007*

Another driver for storage networking is that end-users are retaining data on disk storage for longer periods of time than ever before. These retention periods can span from years to forever, conceptually. ESG recently spoke to a 300 person architectural firm that is doing just this: keeping their drawings, designs and corresponding documents and notes permanently online. It becomes difficult and imprudent to use individual DAS systems to store data for extended periods of time. DAS storage doesn't scale and is not centrally accessed or managed.

The HDS Simple Modular Storage (SMS) System

One of the key enablers for pervasive storage networking adoption is how easy it is to manage that storage system in these environments. Even if you have deep storage skills you simply don't have the time to manage a ton of complex infrastructure. That is why ease of management is so important – it enables IT departments to scale.

The HDS SMS provides the following capabilities:

- Easy and intuitive GUIs for initial installation and ongoing management
- iSCSI support
- SATA and SAS drives
- Active-Active controllers
- Snapshot
- RAID 6 protecting from data loss even if two drives fail within a RAID group

iSCSI brings a number of compelling functionalities to the table: it leverages existing IT skills such as IP networking, the infrastructure cost less, it leverages IP routing and it enables faster deployments. One of the most compelling aspects of iSCSI is that it flattens the IT organization. ESG has found that iSCSI is living up to its promise of lower cost and easier management.

Beyond Storage

There are two very important aspects of HDS' strategy that make this more than just another storage system targeted towards the SMB market. First, they provide transparent data migration from internal and DAS storage to the HDS SMS. Storage vendors want you to implement a storage network and enabling you to move from a non-networked environment should be a no-brainer consideration. However, very few actually provide you the tools to make this happen simply. Big points to HDS for supporting DAS to SAN migration.

The other major part of the HDS SMS strategy is that they are providing online services and information for their partners and end-users with their new SMB Resource Center. Bravo! Imagine a high-tech vendor actually leveraging online methods to support their products and customers. It is important to be able to provide support for a wide range of customers with varying skill sets and within different time zones. If HDS is going to make this a successful business, they need to provide more efficient levels of support to the customer and this is a big step in the right direction.

HDS seems to have reasoned out many of the challenges they will be facing. They feel they can leverage the Hitachi brand. They have certainly been bolder in their marketing programs focusing on viral marketing running videos of Mr. T on YouTube. And while there are skeptics out there, they got a huge number of hits and a write ups including in publications such as BusinessWeek and PRWeek. Not many other storage vendors could make such a claim. HDS should even see greater success with viral marketing and their new SMS product. HDS also has to become more channel-oriented. They have a number of distribution partners but they still have to execute – having a signed contract with a distributor is clearly not a guarantee of success. Additionally, there are certain price pressures in this market that differ from higher-end storage. There may be more overall revenue but what is the impact on profit? HDS is actually in a better position than some of their competitors. Since they are not publicly traded as an individual entity, and are part of a vertically integrated electronics conglomerate, they don't have the same external pressures that their biggest rivals do.

ESG's View

HDS is going after the SMB, ROBO and departmental storage market and the timing is great. ESG believes that virtual machines will help to drive storage networking growth in all three areas. Additionally, iSCSI is extremely successful and is now a mainstream storage interconnect. There are hundreds of thousands of storage networks out there but the potential is for millions. That is the opportunity that HDS sees on the horizon.