

# PROCESSOR

## Opinions

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### General Information

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## Reseller News & Views

### Storage & Its Effect On Your Budget



***For the past 30 years Joseph Marion has worked in the technology equipment reseller market. In the 1970s he competed with the major equipment manufacturers by selling, leasing, exporting, and maintaining used equipment. In the 1980s he "crossed over," joining forces with IBM and becoming one of its most successful authorized business partners. Since 1990 Marion has headed up the Association of Service and Computer Dealers International, the world's largest association of companies that deal***

Over the past 10 years there has been an explosion within the data storage business. Just seven years ago we thought that 1TB of data was a lot of storage to be sold in an array. Storage today seems to be immune to budget restraints. One way to gather realistic storage performance statistics and at the same time reduce costs per terabyte of storage is to begin to view and manage unused storage as "inventory" for your production environment. Doing this exposes storage requirements and its hidden costs to the light of economics and practicality.

#### ■ Storage Is A Lot Like Inventory

Most manufacturing plants have some type of inventory control system to control the costs of unused inventory. The longer unused inventory sits idle, the more it costs the company. One way to optimize a manufacturing plant's IRR (internal rate of return) is to minimize the inventory holding cost. This simple inventory concept of controlling costs has rarely been used in the data storage business. Industry averages reported in the trade press typically talk about storage efficiency numbers between 17% and 25% of storage in storage arrays. Companies today routinely purchase twice the storage they need to cover themselves for anticipated storage growth.

Can you imagine the reaction of a company's controller looking at unused inventory that was sitting for a year or two in a factory that was running at less than 50% of capacity?

#### ■ Inefficient Storage

What would the controller do if he were faced with a factory that was running at less than 30% efficiency? If you were a stockholder, what would you want him to do? Yet this is the typical environment into which additional storage is sold today. As a 2003 industry study by Glasshouse Technologies demonstrates, the average utilization rate of storage environments is approximately 25%.

***in technology  
products.***

I heard a story recently about a large integration company that has hundreds of terabytes of storage. The company was told by its NetApp sales representative that it needed to upgrade its FAS940s to FAS3020s because the “price performance of new systems was so much better than that of its older systems.” But its older systems were not even

running at 50% of capacity!

In an article in *Computer-World Malaysia*, Nasir bin Baki, country manager of Malaysia and Brunei, Network Appliance Malaysia, noted, “Our customers tell us that data storage consumes 30% to 50% of their information technology infrastructure budgets, and that data growth presents a huge management challenge.”

If 50% of your operation’s equipment cost is tied up in data storage, you had better be certain that it delivers on its promises. And if 50% of your budget is only running at a 25% efficiency rate, you have an unacceptable IRR for your company.

■ **Control Your Data At A Reasonable Cost**

In an article for eChannel-Line Daily News, Suresh Vasudevan, senior vice president of products at Network Appliance, said, “The emphasis is on redefining the price performance. The main attributes of the new platform support four times the capacity and have two times the price performance.”

Let’s assume that you need increased performance and/or capacity. If you call the wrong company, be prepared for sticker shock. Support and upgrades for storage from most manufacturers and their authorized resellers is very expensive. If you are hardly using your storage equipment, how can you rationalize a huge increase in costs for such products?

Whether you are an enterprise or ecommerce company, you need to control your critical data at a reasonable cost. The secondary market represents an alternative to manufacturers’ high prices. Zerowait for one is a company that specializes in providing Network Appliance solutions at a reasonable price. And there are others. Go to [www.ascdi.com](http://www.ascdi.com) and search to find secondary market dealers that fit your needs.

I cannot stress enough the importance of looking at your storage “inventory.” It is a way to bring business and cost controls into your storage environment. ■

*We wish to thank Mike Linett, president of Zerowait ([www.zerowait.com](http://www.zerowait.com)) for his contribution to this article.*

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