

## **SCI StorInt™ Dispatch - IBM070828**

### **Announcing new features: DS3300, N-Series, and more focused SMB strategy**

This Silverton Consulting (SCI) Storage Intelligence (StorInt™) Dispatch provides a summary of IBM's recent storage system announcement for new N-Series N3300 storage system, N3600 storage system, Protection Manager software, and SnapManager for SAP software, a new DS3300 storage subsystem providing iSCSI-attached storage, and a strategy discussion on IBM's SMB market focus.

### **IBM SMB strategy**

The SMB storage market is growing at a 5.6% CAGR or 1.1X faster than the storage market as a whole. IBM has focused some attention and R&D spending on the SMB market for 2006 and 2007 and is starting to generate healthy revenue growth of ~8% for 2Q07. Moreover, the new SMB focus is yielding new storage offerings, better solution bundles, and increased channel programs. Today's announcement continued this trend by providing more disk storage solutions for this market. In addition, IBM took the opportunity to discuss their SMB storage market strategy at some length.

Accordingly IBM had some projections on storage market growth, which forecast the 2008 storage market of \$11.5B for the SMB market and \$11.7B for the Large Enterprise market. One can clearly see why the SMB market is getting increasing attention. IBM summarized their 2007 announcements providing new and improved storage products that included 6 new storage controllers with 2 express models, new tape drives with 1 express model and new SAN products with 1 express model. Express models are specifically packaged, channel ready solutions available for the SMB market that install quickly, are easy to administer and offer a compelling value proposition.

The last slide in this section had a quote from Sam Palmisano at PartnerWorld that said "The small to medium business market will become IBM's largest customer segment within five years". SCI would have to say IBM storage is taking this to heart and aggressively addressing this market space.

### **DS3300 announcement summary**

As one indicator of IBM's focus on the SMB market place the DS3300 iSCSI attached storage was announced. The DS3300 fills a gap between direct attached DS3200 and F/C attached DS3400. The DS3300 comes with a 3-year warranty on drives and controller hardware. Drives are attached via SAS (12 drives with the controller enclosure) and expansion units (EXP3000) supporting an additional 36 drives for up to 14TB of storage. Each controller supplies 2-1 GigE ports for 4 ports per dual controller. The DS3300 supports current Red Hat and SUSE Enterprise Linux environments as well as Microsoft Windows Server products (see IBM's interoperability matrix at <http://www.ibm.com/storage>). There are two express package bundles, one for a single controller and the other for a dual controller model both of which include a PCIe bus, single port Qlogic iSCSI HBA and cabling for \$4,545 and \$7,045 respectively.

In general, iSCSI is becoming more competitive and is finding an increasing adoption within SMB and larger companies. This high adoption rate is mainly because iSCSI is inexpensive, uses standard Ethernet protocol/infrastructure, and has a relatively rich feature set. The DS3300 is targeted at environments where affordability is most important and performance is not a concern.

The announcement did not go into much detail about storage features other than in comparison with other DS products. The competition in iSCSI attached storage is intense and most products have a single price for a feature rich subsystem containing local replication, remote replication, thin provisioning, LUN striping and other capabilities. The DS3300 supports IBM flash copy but thin provisioning and remote replication were not mentioned and feature pricing bundles were not discussed.

The DS3300 is a good move by IBM to fill out their product portfolio at the low-end. It's feature set seems a bit sparse considering the competition in iSCSI storage but the pricing is more aggressive to compensate.

## **N-Series Announcement (embargoed until 9/10)**

Two new N-series storage systems were announced today the N3300 and the N3600. The N3300 replaces the N3700 with higher capacity (24TB), support for SAS drives, and double the FC/GigE ports. The N3600 fits in between the N3300 and N5200 products and supports up to 69TB, with SAS drive support, 4GB of memory, and 4-FC/GigE ports. The N3600 also has support for up to two PCIe expansion slots. Since announcing the N-Series IBM has been on a role announcing new products and or features at an unprecedented rate.

Included in today's N-Series announcement were two new software packages. The first to be discussed was the Protection Manager. Protection Manager provides additional support for D2D backup and local replication services in a more automated, policy driven approach than available before. One can establish data groups and create policies that apply to each data group for automated D2D copies and/or clones. Data groups can be dynamically expanded or contracted and automated policies take effect at the next scheduled interval.

The other software package announced today was SnapManager for SAP environments. This package provides simplified application consistent snapshot copies, automates data restores, and enables application aware disaster recovery.

Also announced today were new hardware feature codes including SnapMirror over FC (for N5x00 and N7x00), Dual-port 10 GbE cards (for N5300, N5600, N7600, and N7800), Quad-port 4 Gbps HBAs for attached disk support (for N5300, N5600 N7600, and N7800) and SCSI LVD cards for tape connectivity (for N7600 and N7800, N5x00 previously announced).

## IBM 2007 August 28 Disk System and N-Series Announcement

N-Series products for the SMB space are very feature competitive. IBM has provided a full complement of products in this space with very competitive feature sets at an attractive price points. IBM mentioned the N3300 would sell for about \$17K and the N3600 would sell for \$22K. Other feature price/bundling was not discussed in today's announcement.

## Announcement significance

SCI sees a couple of flaws in today's announcement.

The channel percentages are a bit low for the SMB market – IBM mentioned 50% of the revenue comes from the channel. Most other organizations are doing much higher % of revenue through the channel in this space. SCI believes this is a matter of time but in order to succeed here IBM can ill afford a large % of non-channel distribution. How IBM.com and IBM call centers fit into this model is less certain.

Also, IBM is underestimating iSCSI adoption by only supplying it in N-series and DS3300. In contrast, other major vendors support iSCSI across their complete block and file storage lines. iSCSI is very well adapted to the SMB space but larger companies are adopting it as well. In addition, smaller iSCSI vendors are introducing enterprise class features with their products that scale from SMB to large enterprise subsystems.

Finally, one other minor issue is the positioning overlap between N-series and DS-series especially in the iSCSI and SMB space. N-Series is more functional and costs more but given the choice between NAS with block storage and a block storage only device SCI believes the SMB space would choose the NAS product to eliminate complexity. In any case, IBM seems to be covering all the bases and may still emerge a winner regardless of which way the SMB space moves.

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*Silverton Consulting, Inc. is a Storage, Strategy & Systems consulting services company, based in Colorado, USA offering products and services to the data storage community*